AGRICULTURAL COOPERATIVES AND PROBLEMS OF TRANSITION

A Study of Organisational Development Problems in Rural Development

by

Christian Ike Onwuchekwa

University of Stockholm
Department of Business Administration, 1985

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Dedication

To the memory of my late father Benjamin Mba Onwuchekwa

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PREFACE

The purpose of this work is to present the results of a study of agricultural cooperative development problems in Anambara State and Imo State, which together form the East Central States of Nigeria. The aim of the study conducted there is to create fundamental knowledge of the socio-economic activities of the cooperatives in the region. Such knowledge is generally lacking, but is of great importance in improving the present operational activities of these cooperatives, which are viewed by critics as inefficient organisations.

Previous studies of cooperative development in Nigeria remind one somehow of the story, quoted by Churchman (1968), of the twelve blind men who were assigned the task of describing an elephant. Each gave a description of the part he touched; but no complete picture of the elephant was given. In the scanty literature available on cooperative development in Nigeria, each author describes the form of cooperative organisation he comes into contact with, but there has hitherto been no clear overview of what is happening in the cooperative systems of state government areas in the country. I believe that such fundamental knowledge is needed before meaningful improvements can be undertaken.

In this study I started by questioning inductively what a cooperative is, and what its development functions are in the environment where it is organised. I have also observed the nature of the structural systems in the states where the cooperatives are located. Having reached some understanding of the nature of cooperatives, I tried to view the whole problem from the perspective of formal organisation theory. A cooperative has been conceptualised as a social system that is in structural and functional relationship with the larger social system, here that of the East Central States. Also, at both structural and ecological (environmental) levels, the level of analysis has been limited. The aim of this is to present complete descriptions of what is happening in the cooperative systems studied, and to conceptualise an appropriate approach to the evaluation of performance.

If such descriptions and evaluation can be helpful in understanding the nature of cooperative phenomena, their operational mechanisms and how their activities can be evaluated and improved, then this study will have achieved its major objectives.

I take this opportunity to acknowledge my indebtedness to all those who have helped me to complete this project. My special thanks go to Professor John Skår, who has consistently supervised the project, and also to Professor Lars Person, who gave me much advice during the period of study. I am also grateful to Professors Paulsson Frenckner and Bo Schyberger, Associate Professors Bo Sellstedt and Ernst Jonsson, and Dr Victor Pestoff, for their contributions. I recognise the help given to me by other doctorate students, especially Clara Pihlajamäki and the others who attended my seminars. I am also

grateful to the secretaries in the Research Programme for their help, especially Anita Borg, Linea Shore and other staff in the department whose friendly smiles and greetings encouraged me in my work.

Back home in Nigeria I recognise with thanks the assistance given me by the Cooperative Departments of both Anambara and Imo States. I thank the Divisional Cooperative Offices in Ihiala, Nnewi, Oguta, Oru and Owerri for providing me with valuable data. I am indeed grateful to Professor Ijere of the Centre for Cooperative Development at the University of Nigeria, Nsukka, for his advice and his publications.

I have received financial support from the Swedish Institute and the Department of Business Administration, University of Stockholm. I am very grateful to these two institutions.

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My family in Nigeria have also been a source of inspiration to me during these years. I am grateful to my mother Mrs B.M. Onwuchekwa and my three sisters Gladis, Hope and Ruth for their support. My gratitude is also extended to Eric, Clifford, Wilfred, Peter, Jones, all of the Onwuchekwa family. Finally, I thank my beloved wife Faith for her contributions.

I am indebted to you all.

Christian Ike O. Onwuchekwa
University of Stockholm
July, 1985

Abbreviations

CC	Consumer and Supply Cooperative
CBEN	Cooperative Bank of Eastern Nigeria
Cr. C	Credit Cooperative
Cr. & Ind.	Craft and Industrial Cooperative
CTCS	Cooperative Thrifts and Credit Society
CUIS	Cooperative Union of Imo State
DCC	Divisional Cooperative Council
DCO	Divisional Cooperative Office, or Divisional Cooperative Officer
ECS	The East Central States of Nigeria
ECSCDA	East Central State Cooperative Development Agency
ECSCWA	East Central State Cooperative Wholesale Association
FCS	Farmers' Cooperative Society
FMCS (fmcs)	Farmers' Multi-purpose Cooperative Society
ICA	International Cooperative Alliance
ILGA	Ihiala Local Government Area
LGA	Local Government Area
MCS	Multi-purpose Cooperative Society
NA&CB	Nigerian Agricultural and Cooperative Bank, Ltd
NLGA	Nnewi Local Government Area
ODCC	Oru Divisional Cooperative Council
OLGA	Oru Local Government Area
PMC	Produce Marketing Cooperative

Definitions

Agricultural Cooperatives are organised fundamentally to assist member farmers in rural areas to improve their productive and marketing activities.

Common Goal is the goal that represents the interests both of the government and of the cooperative movement in cooperative development. When such goals are achieved, the interests of both parties are satisfied.

Cooperative Performance is the extent to which a cooperative (e.g. a farmers' multi-purpose cooperative society) as a social system improves (or develops) its operative mechanisms (means) so as to achieve its specified real (organisational) goals and to satisfy the basic interests that motivated its members to join.

Cooperative Production Society is when individual farmers join together to form a cooperative organisation to produce collectively. Members' individual economies are absorbed by the cooperative organisation. Sometimes the term 'workers' production cooperative' is used instead.

Cooperative Service Organisation is a pattern of collective economic activity for promoting the individual economies of the members of the cooperative group.

Farmers' Cooperative Society is when the cooperative is entirely involved in agricultural productive activities, e.g. following single- or multi-purpose approaches.

Farmers' Multi-purpose Cooperative Society is when a cooperative is empowered by its Certificate of Operation to embark on both agricultural and non-agricultural economic activities.

A Goal is a statement of purpose.

Intended Goal is the original goal that motivated the setting-up of the organisation.

Objectives are the measures of the level of effectiveness behaviourally of an organisational system.

Real Goal is the goal that is actually manifested by an organisation and observable objectively. The achievement of this goal is essential for the survival of the organisation.

Rural Cooperative is when the members of a farmers' cooperative include non-farmers. The cooperative is involved in other development activities as well as agriculture.

Strategy is viewed as the cumulative course of action guiding the activities of an organisation in a certain direction to attain its

goals and objectives. Sometimes the term refers only to an approach, e.g. the systems strategy.

Strategic Decision is a long-term decision concerning the whole organisation.

Structural Development is the degree of improvement made by an organisation in response to goal-attainment (i.e. degree of functional improvement).

System is a set of interdependent parts.

THE FEDERAL REPUBLIC OF NIGERIA
showing States and State capitals

CONTENTS

	page
Preface	I
Abbreviations	III
Definitions	IV
Maps	VI
Chapter One - Introduction	1
1. Introduction	1
1.1. Area of Study	1
1.2. The Concepts of Development and Cooperatives: Some Views	2
1.2.1. The Dual Theory of the Development Process	2
1.2.2. Development, Growth and Modernization	2
1.2.3. Development as a Process of Improvement and Transformation	3
1.2.4. The Development Concept in this Study	3
1.2.5. The Role of Agricultural Cooperatives in Rural Development	3
1.2.6. Conclusions on Development and Cooperatives	5
1.3. Cooperative Development in Nigeria	5
1.3.1. Regionalisation of Cooperative Development in Nigeria	6
1.3.2. State Government Areas and Types of Cooperatives to Study	7
1.4. The Background of the Research Problem	7
1.4.1. The Research Problem	9
1.5. Research Aims	9
1.6. Study Limitation	10
1.7. Research Disposition	10
Chapter Two - Cooperative Theory and Development: A Literature Review	12
2.1. Introduction	12

2.2. Sources of Cooperative Ideas Relating to Agricultural Cooperative Development 12

2.2.1. The Cooperative Movements (Cooperative Unions) 12
2.2.2. Theories of Cooperatives 14
2.2.2.1. Emelianoff: Cooperatives Seen As Aggregates of Participating Economic Units 15
2.2.2.2. Philip: On the Economic Nature of the Cooperative Association 16
2.2.2.3 A Cooperative Model (Skår, 1981) 19
2.2.3. Cooperatives and Development Theories 22
2.2.3.1. Previous Studies in Agricultural Cooperative Development 22
2.2.3.2. The Aims of Cooperative Development in Developing Countries 23
2.2.3.3. Cooperatives and State Relationships 23
2.2.3.4. Models of Agricultural Cooperatives from Development Policies 24
2.2.3.5. Organisation and Structure of Agricultural Cooperatives 25
2.2.3.6. Evaluating Cooperatives in Developing Countries 26

2.3. The Basic Elements of an Agricultural Cooperative 27

2.3.1. Research Questions Raised in the Model of Agri-Cultural Cooperatives Presented 29
2.3.2. The Importance of the Agricultural Cooperative Model in Investigating the Problems of Transition 30

Chapter Three - Research Methodology 31

3.1. Introduction 31

3.2. Choice of Research Methodology: Background 31

3.3. Social Science Approaches 32

3.3.1. The Systems Approach as a Research Methodology 33
3.3.1.1. Characteristics of the Systems Approach 33
3.3.2. Characteristics of the Organisational Analysis Approach 34
3.3.3. Advantages and Disadvantages of these two Approaches 36

3.4. Cooperatives as Socio-economic Systems 36

3.4.1. The Emerging System to be Studied 40

3.5. Methods of Empirical Investigation of Cooperatives, and Data Collection 41

3.5.1. Available Data 42
3.5.2. Major Organisational Design Variables to be observed 42
3.5.3. Methods of Empirical Investigation 44
3.5.4. Variables Really Observed 44

3.6. The Empirical Investigations 44

3.6.1. Collection of Data 45
3.6.2. Reliability of the Data Collected 47
3.6.3. Lessons from the Field Study and Observations 48

3.7. Data Limitation 48

3.8. Methods of Presentation of Data 49

3.9. A Comparative Review of the Methodology of Previous Research on Cooperative Development 49

Chapter Four - Agricultural Cooperatives in the ECS 51

4.1. Introduction 51

4.1.1. Questions to be Answered in this Chapter 51

4.2. Cooperative Development in the ECS: The Role of the Government 51

4.2.1. Government Goals for Cooperative Development in the ECS 53

4.3. Government Agricultural Cooperative Development Strategy 53

4.3.1. Government Action to Promote Efficient Fmcs' in the ECS 55
4.3.2. The Functions of State-controlled Cooperative Development Agencies 55

4.4. The Cooperative Movement and its Role in Cooperative Development 55

4.4.1. The Functions of Primary Farmers' Multi-purpose Cooperative Societies 56
4.4.2. The Functions of the Secondary Unions 56
4.4.3. The Functions of the Apex Cooperative Organ-isations 57
4.4.3.1. The Cooperative Wholesale Association 57
4.4.3.2. The Cooperative Produce Marketing Association 57
4.4.3.3. The Cooperative Financing Association 57
4.4.3.4. The Cooperative Union 58

4.5. Overview of the Structural Model of the Cooperative System of a State Government Area in the ECS 58

4.6. Distribution of Primary Cooperatives in the ECS 60

4.6.1. The Distribution of Primary Societies and Membership in Imo State 60

4.6.1.1. Distribution of Primary Societies in Imo State 60
4.6.1.2. Distribution of Cooperative Membership in Imo State 64
4.6.2. Distribution of Primary Cooperatives and Membership in Anambara State 66

4.7. The Differences and Similarities between Imo and Anambara Cooperative Systems 68

4.8. Important Observations on Cooperative Development Activities in Anambara and Imo States 69

4.9. Concluding Remarks 70

Chapter Five - Cooperative Development in Imo State 71

5.1. Introduction 71

5.1.1. Institutions in Oru: Conditions of Cooperative Development 71
5.1.2. Geographical Features and Natural Conditions of Oru 71

5.2. Cooperative Development Activities in Oru 72

5.2.1. Government Aims of Cooperative Development in Oru 73
5.2.2. General Review of the Present Situation of Cooperative Development in Oru 73

5.3. Organisational Characteristics of Farmers´ Multipurpose Cooperative Development in Oru 78

5.3.1. Conceptual Definition of Fmcs´ in Oru 79
5.3.2. Types of Fmcs in Oru 79
5.3.3. Goals and Organisational Structure of Fmcs´ i Oru 80
5.3.3.1. The Goals of Fmcs´ in Oru 80
5.3.3.2. Adaptive Mechanisms for Procurement of Necessary Resources 80
5.3.3.3. Operative Goal-attainment Mechanisms 87
5.3.3.4. Institutional Factors in the Structure of Fmcs´ in Oru 88
5.3.3.5. The Components of Fmcs´ in Oru and their Present Relationships 89
5.3.4. The Environment of Fmcs´ in Oru 90
5.3.5. An Illustrative Example: Ubougwu FMCS, Ltd. 90
5.3.6. Conclusions from the Study of Cooperative Development Activities in Oru 92

5.4. The Second Case Study in Imo State: Cooperative Development Activities in Oguta 93

5.4.1. The Goal of Cooperative Development in Oguta 93
5.4.2. General Review of the Present Situation of Cooperative Development in Oguta 93

5.4.3. Organisational Characteristics of Fmcs Development in Oguta 95
5.4.3.1. Goals and Organisational Structure of Fmcs in Oguta 95
5.4.3.2. Components of Fmcs Development in Oguta 101
5.4.4. An Illustrative Presentation of Ameshi FMCS in Oguta 101
5.4.5. Conclusions from the Study of Cooperative Development in Oguta 102
5.4.6. Differences and Similarities in Cooperative Development Activities in Oru and Oguta 102

Chapter Six - Cooperative Development in Anambara State 104

6.1. Introduction 104

6.2. Cooperative Development in Ihiala Local Government Area 104

6.3. Cooperative Development Activities in the ILGA 105

6.3.1. General Review of the Present Situation in the ILGA 105

6.4. Organisational Characteristics of Fmcs Development in the ILGA 107

6.4.1. Goals and Organisational Structure of ILGA Fmcs´ 107
6.4.1.1. Mechanisms for Procurement of Necessary Resources 107
6.4.1.2. Operative Goal-attainment Mechanisms 110
6.4.1.3. Institutional Factors in the Structures of Fmcs´ in the ILGA 111
6.4.2. The Components of Fmcs Development in the ILGA 111

6.5. An Illustrative Example: Anyijiofor Fmcs, Ihiala 111

6.5.1. Present Financial Situation 112
6.5.2. The Present Management of Anyijiofor Fmcs 113

6.6. Conclusions from the Study of Cooperative Development in the ILGA 113

6.7. The Second Study in Anambara: Cooperativ Development in Nnewi Local Government Area 114

6.7.1. Cooperative Development in the NLGA 114
6.7.2. General Review of the Present Situation of Cooperatives in the NLGA 114

6.8. Organisational Characteristics of Fmcs Development in the NLGA 118

6.8.1. Objectives of Fmcs´ in the NLGA 118
6.8.2. Organisational Structure of Fmcs´ in the NLGA 118
6.8.2.1. Mechanisms for Procurement of

Necessary Resources 119
6.8.2.2. Operative Goal-attainment Mechanisms 121
6.8.3. The Components of Fmcs´ in the ILGA 122

6.9. An Illustrative Example: Oganiru (Ozubulu) FMCS, Ltd. 122

6.9.1. Financial Situation of Oganiru Fmcs 122
6.9.2. Management of the Society 123

6.10. Conclusions from the Study of the NLGA 123

6.11. Differences and Similarities in the Cooperative Systems of Oru and the NLGA 123

6.12. Conclusions from the Study of Anambara State 124

Chapter Seven - The Real Goals and Constraints in the Agricultural Systems of the ECS 125

7.1. Introduction 125

7.2. Determining the Real Goals of the Fmcs´ from the Study Conducted 126

7.2.1. The Goals of a Typical Farmer in Ihiala 127
7.2.1.1. Ibe´s Procurement of Economic Resources 127
7.2.1.2. Basic Interests of the Typical Farmer 128
7.2.1.3. General Problems of Farmers before Joining a Cooperative 129
7.2.1.4. Expectations of a Farmer from a Cooperative Society 129
7.2.2. Expected Real Interest of the Government in Agricultural Development 131
7.2.3. Summary of the Real Aims of the Agricultural Cooperative System of the ECS 132

7.3. Summaries of the Major Steps Taken by the Government and the ECS Agricultural Cooperative Movement to Attain the Goals of Cooperative Development 133

7.3.1. Summary of Government Activity in Cooperative Development 133
7.3.2. Summary of the Activities of the Agricultural Cooperative Movement in Cooperative Development 134

7.4. The Constraints in the ECS Cooperative System 135

7.4.1. Institutional Constraints 139
7.4.1.1. Heterogeneous Membership 139
7.4.1.2. Limited Cooperative Size (Membership) in ECS Fmcs´ 140
7.4.1.3. Uneven Distribution of Cooperatives in Community Areas 141
7.4.1.4. The Constraints of the Present Incentive Strategies 141

7.4.1.5. The Present Cooperative Law as a Constraint 143
7.4.1.6. The Apex Organisations as Constraints 143
7.4.1.7. Limited Credit to Farmers' Cooperatives 145
7.4.2. Ecological Constraints 146
7.4.2.1. The Problem of Inter-organisational Relationships 146
7.4.2.2. High Economic Expectations in the ECS 147
7.4.3. Technological Constraints 147
7.4.3.1. Mechanization of Production and Marketing Activities 148
7.4.3.2. Flexibility in Agricultural Production and Organisation of Farmers' Cooperatives 148
7.4.3.3. Deficiency in Human Resources 148
7.4.4. Constraints within the Internal Organisation of the Fmcs' 149

7.5. Summary and Conclusion 149

Chapter Eight - The Evaluation of Cooperative Performance in the ECS 153

8.1. Introduction 153

8.2. The Concept of Organisational Performance 153

8.2.1. Methods of Evaluating Organisational Performance 154
8.2.2. Factors Influencing the Choice of Criteria for Organisational Performance 155
8.2.3. Previous Studies of Cooperative Performance 156

8.3. The Scope of Cooperative Performance in the ECS 157

8.3.1. Criteria for Evaluating the Performance of Fmcs' in the ECS 158
8.3.1.1. The Ability to Achieve the Real Goals of Cooperative Development in the ECS 158
8.3.1.2. Fmcs' Ability to Satisfy Members' Basic Interests in Joining Them 161

8.4. Evaluation of Fmcs Performance in the ECS 164

8.4.1. Limitations in Data for Evaluation 165

8.5. Evaluation of Structural Performance 165

8.5.1. Structural Development Performance at Commmunity Council Level 165
8.5.2. Structural Development Performance at Local Government Level 173
8.5.3. Structural Performance at State Government Level 174

8.6. Economic Performance 174

8.7. Overall Performance Evaluation 176

8.8. Summary of the Empirical Investigation 178

Chapter Nine - Problems of Transition in the ECS Agricultural System, and Design Considerations 181

9.1. Introduction 181

9.1.1. Questions to be Answered in this Chapter 181

9.2. Change Considerations and Assumptions 182

9.2.1. Alternative Change Possibilities 182
9.2.2. Choosing a Strategy for Cooperative Change 183
9.2.3. Design Considerations 184
9.2.4. Ideas on a New Agricultural Cooperative System for the ECS 185
9.2.5. Assumptions Concerning the New System 186
9.2.5.1. Institutional Assumptions 186
9.2.5.2. Definitional Assumptions 186
9.2.5.3. Behavioural Assumptions 186

9.3. Objectives, Structures and Functions of a Contemplated Agricultural Cooperative System for the ECS 186

9.3.1. Objectives of a New System 186
9.3.2. Structures and Functions (Programmes and Agencies) 187
9.3.2.1. Projected Village-level Activities of the System Contemplated 187
9.3.2.2. Projected Marketing Activities at Local Government Area Level 189

9.4. The Problems of Transition 189

9.4.1. Advantages of the Present ECS Agricultural System that can be Exploited 189
9.4.1.1. Long-term Advantages to be Exploited from the Old System 189
9.4.1.2. Short-term Advantages to be Exploited from the Old System 190
9.4.2. What in the Present System should be Rejected 190
9.4.3. In What Areas of the ECS Social System can the Cooperative system be Adapted 191
9.4.3.1. Areas of Immediate Adaptive Needs 191
9.4.3.2. Areas of Gradual Adaptive Needs 191

9.5. A Brief Comparison of the Old System with the Projected System 192

9.6. Summary and Conclusion 192

Chapter Ten - A New Agricultural Cooperative System for the ECS 193

10.1. Introduction to Chapter Ten 193

10.1.1. Limitation of Chapter Ten 194

10.2. An Overview of the Structural Model of the New Agricultural Cooperative System 194

10.2.1. Phases of Development of the New Cooperative System 194

10.3. Structure and Functional Relationships of the New Cooperative System 197

10.3.1. Enyimba Village Rehabilitation Cooperative at Community Council Level: Phase One 198
10.3.1.2. The Functions of the Components of Enyimba Village Cooperatives at Community Council Level 200
10.3.2. Organisation of Enyimba Village Rehabilitation at Local Government Area Level: Phase Two 200
10.3.3. Enyimba Village Cooperatives: Strategies for Environmental Adaptation at State Level: Phase Three 204

10.4. Summary of the Major Changes in the Present Cooperative System and of the New Component Agencies in the New System 205

10.5. Financing the New System 210

10.6. Cost and Benefits of Implementing the New Agricultural Cooperative System 211

10.6.1. Government Implementation Costs 212
10.6.2. Cooperative Movement Implementation Costs 213
10.6.2.1. General Overview of the Cooperative Movement´s Implementation Costs 214

10.7. Conditions for Implementation of the New System in the ECS 215

10.7.1. Government Support 215
10.7.2. Farmers´ Educational and Vocational Training 215
10.7.3. Incentives 215
10.7.4. Feasibility Studies 216

10.8. Summary and Conclusion 216

Appendix 10: Implementing Enyimba Village Cooperatives in the ECS 216

Chapter Eleven - Summary and Conclusion 224

11.1 Introduction 224

11.2. Motivation for the Research, and the Research Problem 224

11.3. Methodology 224

11.4. The Empirical Results of the Study 225

11.5. Conclusions 226

11.6. Suggested Solutions: the Normative Approach 228

11.7 Major Contributions of the Study 229

11.8. Suggestions for Further Research 231

Appendices 233

Subject Index 257

Bibliography 260

CHAPTER ONE - INTRODUCTION

Definitions - cooperative development in Nigeria and the research problem - aims and general disposition of this research (1).

1.1. Area of Study

The subject of this study is agricultural cooperatives in Nigeria. The decision to study cooperatives was made because their programmes cover so many aspects of rural development. This is also the reason why many developing countries, including Nigeria, are applying the cooperative concept to diverse rural development problems.

When Nigeria became independent in 1960, the rural standard of living was low as witnessed by malnutrition, low life expectation, shortage of financial resources, human fatigue due to low technological innovation, etc. General infrastructural development was very low. These background problems caused the government to intervene in rural development and to start economic projects such as farm settlements, community farming, cooperatives, national accelerated food production programmes, Operation Feed-the-Nation, the Green Revolution, etc.

The results have not been fully satisfactory. Some of the projects have been abandoned, leaving the participants discouraged and frustrated. Their problems unsolved, the farming population migrate to the major urban areas to look for new jobs. One may ask: Why do rural development projects tend to fail in Nigeria and other developing countries?

To find answers to this question, I surveyed the literature on development. I found that concentration has been mostly on how to improve production, technology, local participation and the design of incentives. The organisational aspects of rural development have been forgotten. Since rural development interests are centred on improving production and technology, various models are imported and launched through development plans. Irrespective of substantial investments, projects find it difficult to survive, let alone thrive.

Fiat policies are not enough to realise the goals of these economic projects. Transitional organisation problems exist, and must be solved in the local areas before implementation. Knowledge of these factors and their demands is the basic condition for the formulation of goals and strategies, and for the choice of cooperative patterns in rural development. If these problems are not solved initially, cooperative development in Nigeria will stagnate.

Knowledge of these problems of transition can be gained only through extensive empirical investigation. This investigation is the major task of this research. The study is expected to give insights into the organisational factors that influence the design of cooperative development projects in rural development in Nigeria.

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1. Information on natural conditions and socio-economic development is presented in Appendix One, page 233

1.2. The Concepts of Development and Cooperatives: Some Views

To arrive at a definition of development and its meaning in rural cooperatives, I shall first present different views from the literature. The dual theory of economic development is a meaningful starting point, since this is found in diversified interdisciplinary areas such as rural development, agricultural development, cooperation, etc.

1.2.1. The Dual Theory of the Development Process

Descriptively, (Mafeje, 1978), the dual theories

> "posit an experience of two sectors in underdeveloped countries which are governed by different economic laws. These are the so-called 'traditional/subsistence' and 'modern/capitalistic' sectors. The former is supposed to be characterised by surplus labour, unchanging production techniques and zero net savings. In contrast, efficient labour utilization and high savings rates are believed to be the diagnostic features of the modern sector. Within this basic scheme growth is construed as a gradual shift from the 'traditional subsistence' to the 'modern capitalist' sector. In the transitional period it is ascribed to the 'subsistence' sector the role of labour supplier and to the'capitalist' sector the role of creator of employment opportunities through progressive capital investments, accumulation and introduction of advanced technologies".

This theory has been criticized on the ground that its views of development are vague and the necessary relationships between development factors are not well emphasized. Mafeje, for example, asks: What is the time sequence between industrial expansion and the drawing away of "surplus labour" from the "traditional sector"?...What is the relationship between technological growth and labour? (See page 47 for detailed argument.)

1.2.2. Development, Growth and Modernisation

Another definition of development comes from Dalton (1977). He distinguishes growth, development and modernisation:

> "Development is what induces sustained growth of income. It refers to those underlying structural changes - the creation of new institutions and new industries and the application of modern technology and skills to old ones such as agriculture... economic development is growth plus changes and the change involves society as a whole."

He says that

> "modernization is a term used by sociologists, anthropologists, political scientists and psychologists to designate the long-term personal, social and political changes that accompany economic development e.g. the formation of new nation-states, central government, etc..."

1.2.3. Development as a Process of Improvement or Transformation

Thirdly, Eliot (quoted from Warley, 1967) says that a meaningful way to understand the concept of development and underdevelopment is to enumerate common, though not necessarily universal, characteristics of underdeveloped countries. These characteristics may be summarised under three headings:

1. Shortage of capital, and inability to apply it productively.

2. Disproportionately large numbers of people engaged in traditional agriculture, rather than in more productive occupations which may or may not be industrial.

3. A rapidly rising population, which necessarily implies a higher rate of growth of the economic parameters than would be required if population were constant.

Where this situation exists, the aim of economic development is to improve or transform this static situation. This may be done by improving and increasing the economic inputs (land, labour, capital) of the economy concerned.

1.2.4. The Development Concept in this Study

The view adopted here relates to Eliot's: development is defined as attempts to improve the basic standard of living of a people in a geographical area. With respect to agricultural development in a rural area in Nigeria, development is viewed as a process of improving the peasant farmers' productive assets and the efficiency of their marketing activities in order to improve their cash income.

1.2.5. The Role of Agricultural Cooperatives in Rural Development

Agricultural Cooperatives in Rural Development projects aim at improving some conditions of underdevelopment found in a rural community. Vironen (1979) has grouped rural development problems into four:

- economic improvement
- improvement of health
- education
- social emancipation

Fundamentally, the role of agricultural cooperatives can be linked to economic improvement.

An underlying problem of agricultural cooperative development in Nigeria is the lack of clarity about the role of agricultural cooperatives in rural development. This may relate to the confusion created by the different concepts of cooperative employed in rural development. The concept "agricultural cooperative" is generally confused with the wider concept "rural cooperative".

Basically, agricultural cooperatives are organised to assist member farmers in rural areas to improve their productive and marketing

activities. This is their major role in rural development. Through the productive and marketing services they render, their members can improve their economic situation through cash returns, and this can help them improve their productive assets. This is a contribution to development.

The concept "rural cooperative" is used when membership of a cooperative is open to all in a rural community for help in solving different aspects of rural problems facing the focal community. The major role of rural cooperatives is as an instrument for transforming the rural community into a modern one. So a rural cooperative can be anything in terms of socio-economic operations: thrifts and credit, consumer, agricultural, etc.

Preliminary investigation of the literature has revealed that most of what are viewed as agricultural cooperatives organised in Nigeria, especially in the East Central States, are based on the rural cooperative strategy. The major implication here is that the organisers of these projects need to be aware of certain basic problems that can face rural cooperatives, e.g. the design of structures to render services to support the diversified economic activities of the members.

Ijere (1974) has isolated the major cooperative development problem. He says:

> "While there is a consensus on the role of cooperatives, the form they will take has never been defined with any exactitude. This is because of the wide range of differing conditions and environments in which the cooperatives operate, which makes uniformity of forms or organisation inappropriate. It is now realised that only through a careful process of selection and adaptation can a country derive the greatest benefit from cooperative societies ... The search for such socially appropriate forms of cooperation has culminated in the now widespread farmers' multi-purpose cooperative societies."

From the point of view of organisation theory, the problems of rural cooperative strategy can be enormous. Such coperatives have no clearly defined goals. This can inhibit the choice of strategy and the level of structural development. Secondly, their heterogeneous membership creates coordination problems, especially where expert managers are absent. The organisers of these cooperatives tend to forget that cooperatives are business organisations. Ijere states:

> "The writer after studying the credit needs of many cooperatives in the country has come to the conclusion that only by astute business management and involvement of the local communities can cooperatives ever hope to survive... In Nigeria the literature on cooperatives is appallingly insignificant. There is no guide as to the reason why cooperatives have generally failed to find root among our people, no measurement of impact and no projection."

So the major problem when researching agricultural cooperatives in rural development is to address the questions overleaf:

a) What is rural development?
b) In what areas of rural development can cooperatives make contributions?
c) What should be the appropriate organisational forms?

Answers to these questions can help us to undersand better the role of cooperatives in rural development, instead of using them to pursue all aspects of rural problems.

1.2.6. Conclusions on Development and Cooperatives

The process of economic development aims at increasing the productive assets of an economy and at the same time creating sufficient demand for the goods and services of that economy. In considering agricultural cooperatives - in this study, the farmers' multi-purpose cooperatives in the East Central States of Nigeria - as socio-economic organisations, we expect them to help their members to improve their tools of production from savings made, and also to improve their knowledge of farming techniques and their management ability. Improvement of production, marketing and education of members are areas of priority. Success in these areas can be viewed as contributions to development, and can be the platform for the evaluation of the primary farmers' cooperatives to be studied.

1.3. Cooperative Development in Nigeria

Cooperative development in Nigeria started oficially after the enaction of the cooperative ordinance in 1935. Before this, however, there existed what some writers (e.g. Abe, 1958, Western Cooperative News) called pre-historic cooperatives. Going further back, the role of the Nigerian Government can be traced to 1922 (see Adeyeye, 1978) when the Department of Agriculture helped to organise a series of cooperatives in some parts of Western Nigeria for selling cocoa and improving its quality and price. Members were instructed in the drying and fermentation of cocoa. Arrangements were also made through the local farmers' societies for collection of the products so that they could be sold jointly. Teaching and organising were done by temporary agricultural assistants: later the societies employed their own workers.

It is said that the achievement of these early village cooperatives motivated the government to introduce cooperatives on a larger scale in the then three regions, Northern, Western and Eastern Nigeria. The aims were:

a) to facilitate the improvement of cash crops, notably cocoa,
b) to help organise an orderly sale of cocoa,
c) to relieve the Agricultural Department of the added burden of marketing and to achieve greater results through specialisation.

After formation of the early cooperatives, the government set up a cooperative department in Lagos in 1944 to be responsible for cooperative development activities. Its staff were directly responsible to the Chief Secretary to the Government.

Another activity of the formative years was the setting up of a cooperative training college to help the training of workers.
It is important to note from this brief presentation (Onuoha, 1978) that cooperative development in Nigeria was a result of government initiative.

1.3.1. Regionalization of Cooperative Development in Nigeria

Diverse cooperative organisations (e.g. produce marketing, credit societies, consumer cooperatives, etc) with diverse formal organisational structures are employed for promoting cooperative development in different parts of Nigeria. At present, each state government is responsible for cooperative development within its own geographical area, and each has its own policy. This regionalization started in 1951 when the then colonial government divided Nigeria into three major regions: North, West and East. Before this, cooperative development was promoted by the Cooperative department in Lagos.

State government development policies have important influence in directing the affairs of the cooperative movement in a region - especially the strategies of primary cooperatives. The records show (Onuoha, 1978) that in 1960/61 when the government of the former Eastern Region was concentrating on the development of thrifts and credit societies, there were 1,241 cooperatives of this type, out of a total of 1,381 in the region, i.e. about 90%. During the same period, there were only 28 farmers' cooperatives. In the 1962-68 development plan, the same region changed policy to promote farmers' multi-purpose cooperative societies and the whole situation changed so that in 1964 (Ijere, 1974) there were about 83 fmcs, and by 1970, at the end of the civil war, the East Central States alone had 500 farmers' cooperatives with a membership of 250,000. (In 1967 the Eastern Region was divided into the East Central States, the Rivers States and the Cross River States.)

The same situation can be observed in the cases of the former Western and Northern Regions of Nigeria. In the North, marketing and credit cooperatives were predominant and in the West, marketing. This reflected regional governments' cooperative policies.

The literature - though scanty - reveals that previous studies have adopted a global approach, concentrating on Nigeria as a whole without recognising differences in the structural forms of the cooperative organisations. Differences in the policies of the states have been ignored. The results are mostly general information, with almost identical suggestions for improvement. It is doubtful whether such studies have gone deeply enough into cooperative problems for their recommendations to be adequate for the formulation of meaningful strategies for future cooperative development.

It will be clear from the above that the global strategy is not considered appropriate for this study. Instead, some given state government areas will be investigated.

1.3.2. State Government Areas and Types of Cooperative to Study

The present study intends to investigate the problems of agricultural cooperatives in the East Central States of Nigeria, where major concentration has been on the farmers' multi-purpose cooperatives (fmcs) and their socio-economic activities. The fmcs were chosen because, as will be seen in Chapter 4, they are the models of agricultural cooperatives chosen by the East Central State governments for promoting cooperative development.

Generally, agricultural cooperatives are homogenous organisations of agricultural producers which aim at helping their members solve collectively the problems of production, marketing, supply,processing, credit, consumption, education, etc. The aim of these functions is improvement of socio-economic conditions. Since the economies of many developing countries are centred on peasant agricultural prooduction, agricultural cooperatives are considered very important in the socio-economic development of such nations.

Anambara and Imo states, where this investigation has been conducted, are among the 19 states that make up the Federal Republic of Nigeria. The two states have a population approaching 7 million (Anambara - 3.0 M, Imo - 3.6 M.) This is about 9% of the population of Nigeria.

Table 1.1. Cooperatives and their Membership in Nigeria, 1978

	Cooperatives		Membership	
States	No.	%	No.	%
Anambara	798	7.5	56,106	9.5
Imo	784	7.4	44,352	7.5
Other States(17)	9009	85.1	489,317	83.0
19	10,591	100.0	589,775	100.0
Av. coop. & memb. per state	557		31.041	

Source: Okafor, 1979

Table 1.1. shows that the East Central States are an impportant cooperative development area in Nigeria. Anambara and Imo (ECS) measure above average both in number of coooperatives and in membership.

1.4. The Background of the Research Problem

In the 1962-68 development plan, the Government of Eastern Nigeria adopted the policy of using agricultural cooperatives for promoting agricultural farming business in the region. The major aim was to increase the production of tree crops for export , e.g. palm produce, cocoa, etc, and of food and other cash crops. By then, earnings from cash crop exports represented over 70% of foreign exchange. The government also aimed at educating the farmers in better farming, and at providing jobs.

To implement this policy, the government imported the Moshav multi-purpose farm-settlement form of organisation from Israel. The Moshav is a capital-intensive agricultural development project with high infrastructural demands. The Nigerian farmers received two years' training at the Umuahia government agricultural institute before joining the cooperatives. But the Moshav cooperative form failed in Nigeria, and now has almost been abandoned.

Subsequent studies showed that the transfer of an institution such as the Moshav to a less developed rural environment requires a detailed knowledge of the economic, social and political history of the area concerned. The short-term agricultural policy decisions made before introducing the Moshav had not been based on such in-depth analysis.

Previous cooperatives had been limited to thrift societies, consumer savings societies and produce marketing cooperatives. Experience gained in these hardly suffices for developing multi-purpose farm settlement cooperatives, which entail major organisational problems of supplying new inputs to farmers, such as fertilizers and seed, of developing processing plants and of finding markets for new crops such as cashews, citrus, etc. (Anschel, Brannon, Smith, 1969).

Latterly, the East Central States governments have introduced the new farmers' multi-purpose cooperative society organisational forms. The aim of these is to encourage efficient production and marketing activities for farmers who will organise such cooperatives voluntarily. The cooperatives will also render banking or credit services to members since these services are absent in the local areas, distribution of consumer goods to members, and joint marketing of farmers' output in order to improve their monetary income. The activities of these cooperatives are managed by government cooperative departments located in the state capitals, and by sub-divisional offices in the local government headquarters.

However, these cooperatives, too, have failed to meet the aims of the government. They have not grown into full business organisations: instead, they have functioned at subsistence level, where it is difficult for them to make an appreciable economic impact, especially in improving the production and marketing of agricultural products, reducing unemployment, etc. They are described as inefficient and of insignificant performance. Several criticisms have been levelled at all aspects of the present set-up, i.e. both at the state institutions promoting the cooperatives and at the cooperatives themselves.

Present problems are mostly attributed to the incompetence of the cooperative management, especially at primary level. Some people have suggested that the problem lies in the actual structure of the cooperative societies. For example, J.O.Ona (quoted in Ijere, 1975) states that

> "a basic tenet of cooperative organisations has always been that control should be exercised by the elected representatives of the members. But these members are always interested in economic activities other than cooperatives".

Actually, no concrete reason has been given for the inefficient performance of the cooperatives. This is a problematic situation, and

it is this situation that motivated this research.

I became aware of the problem in 1977 when, during a doctorate course on "The Cooperative Business Organisation" I was asked to write a seminar paper on "Cooperative Development in Nigeria". It was while doing the preparatory literature survey for this paper that my urge to search for more information arose.

1.4.1. The Research Problem

My major interest is to seek a cooperative pattern that would best promote the socio-economic activities of the farmers in the East Central States, thereby increasing their incomes.

But even given such a pattern, it is necessary first to create sufficient information about the social economic reality in which it could be introduced. Hence it is a major task of this research to investigate the socio-economic situation of the present cooperative systems in the East Central States. While some information exists about various organisational structures of cooperative development in the East Central States, awareness of the objectives and the mechanisms for realising them is negligible.

For this reason, this study seeks to establish the necessary information platform for the normative exercises of introducing new cooperative designs for the East Central States.

From the point of view of business organisation, the contribution of this research may be viewed as organisational development aspects of rural development projects which have not been given serious attention in the past. Economic organisation is a factor of production, and is sometimes identified as a problem of entrepreneurship (Schumpeter, 1934).

1.5. Research Aims

The general aim of this descriptive study is to create knowledge about cooperative systems in the East Central States of Nigeria and strategies for future improvement. More specific aims are:

1. to describe the ECS cooperative development strategies and the structural responses employed for realising their goals

2. to describe the agricultural cooperative development systems in the local government areas in ECS from the perspective of the goals of the systems. This approach is intended to give insight into the structural and functional relationships of the cooperative organisations and other institutions involved in cooperative development

3. to isolate the constraints on efficiency in the systems described, and to analyse the influence of these constraints on the attainment of the goals of cooperative development in the areas studied.

4. to use the knowledge gained from the study to analyse the concept of efficiency (organisational assessment) in agricultural cooperation. Such an analysis is at present needed in Nigeria, since it is still currently under debate (Ijere, 1977, Okafor, 1978 and Onuoha, 1977).

5. to design a new model of agricultural cooperative form for ECS based on the knowledge gained from the above theoretical and empirical studies.

It is intended that the study can help create knowledge of the organisation of rural development projects for the geographical areas studied. Such knowledge can be borrowed by other regions confronted with related problems. Also, a major contribution to cooperative studies is expected regarding organisation and management theory.

1.6. Study Limitation

The empirical part of this research project focuses on Anambara and Imo States in the East Central Region of Nigeria. The agricultural cooperatives studied are the present farmers' multi-purpose cooperatives. Although farmers' community and settlement cooperatives also exist, my attention is not centred on these organisational structures. References are, however, made where necessary.

1.7. Research Disposition

The project is divided into three parts.

Part One General Survey of Problem Area, Chapters 1 - 3

Chapter one introduces the research problems and aims. The research problem is linked to rural development. A brief attempt to define development leads to a review of the literature of development theory.

Chapter two discusses the literature on the theory of cooperative development which led to the search for the major elements of a cooperative model especially in agricultural cooperation.

Chapter three deals with research methods, and investigates the possibility of employing systems approach methodology in solving the present problems. Conceptions of systems approach are borrowed from Van Gigch (1974). The second part of the chapter discusses the empirical investigation of the cooperative systems in the East Central States.

Part Two - Results of the Empirical Study, Chapters 4 - 8

Chapter four describes the ECS strategy for cooperative development, and the strategies employed by Imo and Anambara States in the ECS.

Chapters five and six describe cooperative development activities in the two states.
Chapter seven discusses the constraints in the cooperative systems studied.

Chapter eight evaluates the performances of the primary cooperatives

studied.

Part Three - A Normative Approach, Chapters Nine to Eleven

Chapter nine discusses the possibilities for change, and the problems of transistion, in the agricultural development systems in the ECS. A new programme structure for future agricultural cooperative development is presented.

Chapter ten presents a new cooperative model for the two states. The model is based on the structural systems of local government and the pattern of agricultural development strategies in the ECS. This chapter also discusses implementation strategies for the new cooperative system designed for the ECS, using Ihiala Local Government Area as an illustrative example. The new cooperative model is compared with models of agricultural cooperation from other regions of the world.

Chapter eleven consists of a summary and conclusion. Suggestions are made for future research in this area.

CHAPTER TWO - COOPERATIVE THEORY AND DEVELOPMENT: A LITERATURE REVIEW

2.1. Introduction

The concept of cooperative is used widely and with varying meanings in the disciplines of political science (Emelianoff, 1948), sociology (Nwosu, 1978), business administration (Skår, 1981), economics (Uma Lele, 1981), cultural geography (Gyllström, 1981), etc. This may lead to diversity on cooperative problems generally.

This chapter gives an inductive explorative review of the literature of cooperative theory and development. The aim is knowledge of the nature of cooperatives in general and of agricultural cooperatives in particular. The approach adopted is to explore the sources of cooperative ideas relating to agricultural development. Such general knowledge can help us understand the characteristics of a cooperative, with a view to designing an appropriate methodology for studying them.

2.2. Sources of Cooperative Ideas relating to Agricultural Cooperative Development

Three major sources of cooperative ideas are explored: ideas from the cooperative movement, cooperative theory and development theory. The knowledge gained will be used in synthesizing a structural model of an agricultural cooperative and its basic elements. Previous studies of agricultural cooperatives are summarised very briefly, as are the research problems to be addressed later in this study.

2.2.1. The Cooperative Movements (Cooperative Unions)

The cooperative movement of a country is made up of a number of cooperative unions with memberships in diverse cooperative organisations of differing socio-economic interests. The members are the ultimate owners of cooperative societies in these countries. The sources of knowledge of the cooperative movement are based on ideology (Laidlaw, 1973) (1). A cooperative is viewed as having the dual role of business enterprise and popular reform movement. Laidlaw says:

> "no attitude is more fatal to their proper operation than that which ignores one of these purposes while pursuing the other".

An example of how the cooperative movement has contributed to cooperative development is the Rochdale cooperative movement which, starting in Great Britain in 1844, is said to be the beginning of modern cooperative development. A group of twenty-eight weavers in Rochdale, Lancashire, formed a consumer cooperative organisation. Their vision (ideology) included the creation of an autonomous community in which the members could be organised not only as consumers but also as producers. To protect members' interests, they formulated the Rochdale principles of cooperative organisation, which according to

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1. See also Cujes, R.P.: Integralism: A Philosophical Environment for Cooperation.

consensus within the International Cooperative Alliance are now as follows:

1. Open membership
2. Democratic control
3. Limited interest on capital
4. Patronage refund
5. Cash trading at market price
6. Religious and political neutrality
7. Constant education of members

After establishment of the early cooperatives in Britain, cooperative ideas became a transcontinental issue, and many nations started organising modern cooperatives. In Britain and other countries new ideas were developed, including attempts by the consumer cooperative movement to organise agricultural cooperatives. These early events have influenced the stages of cooperative development today, especially the way individual countries understand and implement cooperative development policies.

The early British cooperatives functioned as independent organisations directly owned by the members, who provided the capital needed to set up their economic projects and meet other expenses.

As other nations have learnt about the movement, many developiing countries have chosen to use cooperatives as instruments for rural development. Introduced in differing economic environments, cooperatives naturally assume differing organisational structures with various operative mechanisms. This is one of the major changes in the history of cooperative business.

There is also among the followers of the movement a degree of intellectual development in the philosophy of cooperative development. Today, cooperative theorists can be classified into distinct schools, e.g. the socialist cooperative school, the cooperative commonwealth group and the moderate or the competitive school(1). Their differing views affect implementation strategies in various societies throughout the world.

Another significant change in the history of the cooperative movement is the intervention of the state(2) in promulgating laws, organising cooperatives and inducing membership participation. Cooperative ideas have also been applied in other fields of business activity, e.g. credit, housing, agriculture, etc.

The major implications of these changes in cooperative development are:

1. Cooperatives in some countries are now guided by cooperative law in order to legitimise their development activities

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1. see Casselman (1952): The Cooperative Movement and some of its Problems
2. see section 2.2.3.1. below

2. Different organisational structures or patterns of cooperatives have emerged

3. Economic activity is sometimes not the major objective when introducing cooperatives. Hence different approaches to efficiency evaluation

4. It is necessary for the cooperative structure to adapt to the type of business activity and socio-economic structures where the cooperative exists

5. In some countries there is flexibility concerning the principles of the movement, rather than conformity with the Rochdale principles.

The limitation of the cooperative models that emerge from the organisational ideologies is that they are mostly prescriptive, and their characteristics cannot be generalised. Sometimes people wonder what a cooperative really is. For example, at the conference of the American Institute of Cooperation in 1925, the late president, Mr. R. Pattee said,

> "I want to find out just what we have got to do to be entitled to be considered cooperative. I am wondering if we have thought along this line far enough to enable us to set up a definition that is fixed and standard and can be applied with exactness". (see Emelianoff, 1948)

Because of the limitations of these prescriptive models, we shall explore the literature of the theories of cooperative development. The aim is to gain the broader knowledge needed to construct a model of an agricultural cooperative to guide this study.

2.2.2. Theories of Cooperatives

Another source of cooperative ideas employed in agricultural cooperatives is the cooperative theories. Most of these are economic theories (1) concerning purchasing, consumer, producer, marketing and bargaining cooperatives. I have selected for discussion two of these theories - Emelianoff's (1948) and Philip's (1953) - which are related to the two basic structural configurations of agricultural cooperatives. Because of the limitations of these economic theories in understanding the internal and external relationships of cooperatives, a third organisational model (Skår, 1981) was selected for discussion in order to increase our understanding of the characteristics of cooperatives.

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1. These economic theories are found mostly in the literature of agricultural economics. See Anschel, Brannon & Smith: Agricultural Cooperatives and Markets in Developing Countries, 1969.

2.2.2.1. Emelianoff: Cooperatives seen as Aggregates of Participating Economic Units

Emelianoff characterized a firm or enterprise as "an acquisitive economic unit" i.e. a profit-earning though not necessarily profit-maximizing economic agent. He believed that a true cooperative is a non-profit economic agent governed by the principle of "service at cost", and, hence, is non-acquisitive and therefore not a firm. A co-operative organisation has no entrepreneur since profits constitute the reward for entrepreneural effort. Cooperatives are non-profit institutions and, therefore, it cannot be assumed that they are characterized by the presence of entrepreneurs. Thus, in Emelianoff's view, cooperatives are aggregates of economic units which have no more economic life or purpose (apart from that of the participating economic units) than one of the individual plants of a multi-plant firm.

In his conclusion Emelianoff maintains that

> "cooperative organisations represent the aggregates of economic units. The conception of an aggregate of economic units can be characterized as follows:
>
> a) An aggregate of economic units is a plurality or group of these units coordinating their activities but each fully retaining its economic individuality or independence.
>
> b) An aggregate of economic units finds its perfect embodiment in the cooperative association of member-active participants (of member patrons) in the common work.
>
> c) An aggregate of economic units may be described as a centre of their coordinated activities or as an agency of associated economic units, owned and controlled by them, through which they conduct their business activities.
>
> d) The true economic nature of such an agency can be thoroughly understood only if we clearly keep in mind that the cooperative represents the associated economic units in their functioning and not in their association as separate economic identities. An association or aggregate functions only as a branch or associated economic units, and in that respect it is perfectly identical with the special departments or branches of single economic units."

The major elements of this theory are:

1. the entrepreneur
2. the economic unit owned by the entrepreneur
3. the cooperative establishment (the functional organisation of the cooperative enterprise
4. the cooperative organisation of members who own the cooperative establishment
5. functional decision-making in the cooperative establishment
6. organisational decision-making among members
7. the economic environment (by implication).

Types of Cooperative related to Emelianoff's Theory

Organisationally, the types that are related to Emelianoff's theory are the cooperative service societies. Here a cooperative is understood as a pattern of economic activity for promoting the individual economies of the members of the cooperative group, i.e. their households, businesses or farms (Dülfer, 1974). This means that members possess individual enterprises and delegate one or more functions to the cooperative establishment, which becomes auxiliary in character. The Raifeisen, Rochdale, etc, models can be classified here.

2.2.2.2. Philip: On the Economic Nature of the Cooperative Association

Philip, on the other hand, states that

> "the entrepreneurs of the associated firms each must allocate productive resources of their common plant, the same as a multi-plant firm must allocate resources to each of its plants. The firms which are members need not share the joint plant equally and ... the proportion of the total joint plant included as part of each of the participating firms is defined by the relative size of the production activities in the individual plant (or plants) of each firm with which the activities conducted through the joint plant are integrated. This proportionality determines the manner in which the participating firms will share all inputs, including entrepreneural inputs and outputs - all costs and benefits of the joint plant".

The major elements of Philip's theory are:

1. the cooperative establishment (the common plant)
2. branches (participating firms) allocated to members to manage as departments of the central organisation
3. the associated entrepreneurs
4. the economic environment.

Types of Cooperative related to Philip's Theory

Philip sees the cooperative as an integration of firms (a type of conglomeration) previously owned by entrepreneurs who now own the firms together and manage them collectivily through mutual understanding; but share the benefits of cooperation in proportion to members' investment capability.

Cooperative production societies or workers' cooperative societies (Düfer, 1974) are related to the cooperative pattern described in Philip's theory. Here, cooperatives are seen as forms of collective production both in manufacturing and agriculture. Thus a cooperative exists only when the members are workers and shareholders simultaneously.

Decision-making in Cooperative Organisations in Consideration of the above two Theories

One of the most important characteristics of cooperative organisations is the way decisions are made in them. Emelianoff's and Philip's

theories present conflicting ideas about decision-making in cooperatives. Emelianoff projects the idea of two levels of decision-making in a cooperative, while Philip has one level. According to Helmberger (1961), once it is admitted that a cooperative is a decision-making unit, two important questions arise:

- who in the cooperative are responsible for its decisions ?
- what are the value premises upon which the decisions are based ?

Cooperatives generally have two separate decision-making groups: the member association and the cooperative management. These two are contained in Emelianoff´s theory, while Philip ignoores them.

Commenting on Philip´s article, Savage(1) states that the members do not make the operating decisions of a cooperative. A management staff usually controls the processing, marketing or bargaining operations subject to broad policy decisions supplied by a board of member directors. And the board of directors of even a small cooperative depends heavily on suggestions from the management, for the directors usually devote only a few hours a month to the association.

This is not to imply an autocratic management running the cooperative as it desires. Boards do exercise their authority to hire and retire management personnel, the members do have a pecuniary measure of the performance of the cooperative. Managements that provide poor service and low returns are usually changed.

Savage´s views only reflect the types of decision made by cooperative management. What types of decision, then, are made by the members´ association? Savage states that members determine the volume at which the cooperative operates. This is so whether the cooperative is a consumer, a purchasing , a marketing, a producer or a bargaining one. The sales of a consumer or purchasing cooperative reflect the size of the membership and the amount purchased by each member. A marketing or producer cooperative processes and markets the raw material delivered by member firms, and these member firms are not controlled by the cooperative´s management. The size of a bargaining cooperative depends on the quantity controlled by it, and members decide whether or not to contribute to the bargaining pool.

The operative decisions mentioned by Savage do emphasize the importance of cooperative management for the members´ association. Since in practice not all members vote when decisions are taken by their association, their control over cooperative management may not be absolute. So, the flexibility with which cooperative management makes operative decisions could be high irrespective of members´ control, and what determines the achievement of members´ goals is then the decision-making expertise of the cooperative management.

For developing countries, especially Nigeria, what is important in cooperative development may not be the rural people´s control over their cooperatives, but, rather, the ability of the cooperative management to design the appropriate functional services needed by the members. Thus the relationship between the members´ association and cooperative menagement is an important area of investigation in

cooperative studies. In brief, cooperative members' ownership, and control of management decisions, constitute important characteristics of a cooperative organisation.

Implications of the Above Two Theories for Development Agricultural Cooperation

The two theoretical propositions presented above serve the purpose of discussing the economic theory of cooperative organisations. The two theories isolate two organisational structures. Let us view the theories separately:

1. Emelianoff emphasises that in the organisation of a cooperative, aggregation of economic organisations forms a collective form, a cooperative organisation, which renders special delegated services to the owners. Hence, in the real practical situation, the cooperative establishment renders functional services to members according to their needs. The major implication here is that such a functional role demands expert knowledge, whether from within the organisation or from outside.

2. Philip in his own theory sees the cooperative as an association of entrepreneurs who jointly decide on the allocation of the productive resources of the collective organisation (common plant). According to Helmberger (in Anschel, Brannon and Smith, 1969, p.43),

> "with this interpretation of a cooperative organisation, all the emphasis is placed on the entrepreneurs of the member firms, and the cooperative as such is no longer the unit of enquiry. Each member firm is thought of as a soverign independent economic unit, but vertically integrated. The cooperative plant is to be considered as a joint or common plant."

Later, in criticizing Philip's theory, Helmberger puts forward the following argument:

> "The entrepreneur of a cooperative does not manage the activities of the cooperative. He can merely influence the decisions of the cooperative through the vote(s) which he is allowed, just as the stockholder in an ordinary corporation can in most cases merely influence the corporate management ... It is simply not true that a member firm can allocate productive services between the joint plant and its (own) plant(s) as would a multi-plant firm between between plants".

What Philip is theorizing is that the members of a cooperative should form a central organisation which will organise other small organisations. These in turn will be controlled by the central organisation of members. Hence, the total management of a cooperative organisation is the responsibility of the associated members of the cooperative establishment. In this way, both organisational and functional decisions are integrated. This also means that when economic units decide to form a cooperative organisation, the entrepreneurs of these economic organisations lose their entrepreneural

influence on their small economic holding and transfer it to the cooperative organisation, where they can assume new roles or responsibilities by division of labour. This new situation has implications for decision-making in a cooperative organisation.

Robotka (1947) says,

> "When the entrepreneur of a firm becomes a member of a cooperative he in essence commits himself to abide by group decisions."

It is conceivable in theory and common in practice that some cooperative members do not even participate in making group decisions, since they fail to cast their vote. It is here that Helmberger's two questions quoted above - who are responsible for decisions, and what are the value premises upon which they are based? - arise.

These are the two most important questions concerning cooperatives, but the answers are dependent on the circumstances that surround the organisation of a cooperative.

2.2.2.3. A Cooperative Model (Skår, 1981)

Both Emelianoff's and Philip's theories of cooperative organisations have certain limitations which inhibit the flexibility to generalize their conceptions in the analysis of different types of cooperative organisation. Emelianoff views a cooperative from the service aspect, while Philip sees it from the workers' production aspect, where control of production must be exercised by the ultimate owners of the cooperative. I enlist Skår's (1981) model of cooperative organisation to give us more generalized characteristics of cooperative organisations, which can be used to analyse both workers' production and cooperative service organisations.

Skår's model is based on an expansion of Fauquet's (1951) conceptual notion of a cooperative enterprise, which primarily states that a cooperative consists of two essential elements, an association of members and an economic activity. According to Skår, in this cooperative enterprise, the sphere of the individual and members is integrated with the economic activity mainly through three relationships, which thus determine the structure of the cooperative (see fig. 2.1.)

In this model, individuals and members are assumed to make three kinds of decision with respect to:

a) participation (to be members or not)
b) utilization of the economic activity (goods and services) created by the collective effort
c) the adjustments with respect to the structure of the production (function) of the members themselves

The economic activity in the model is presumed to be directed by collective decisions which give rise to a number of cooperative, coordinative decisions and cooperative plant(s) depending on the contexts and the (economic) environments.

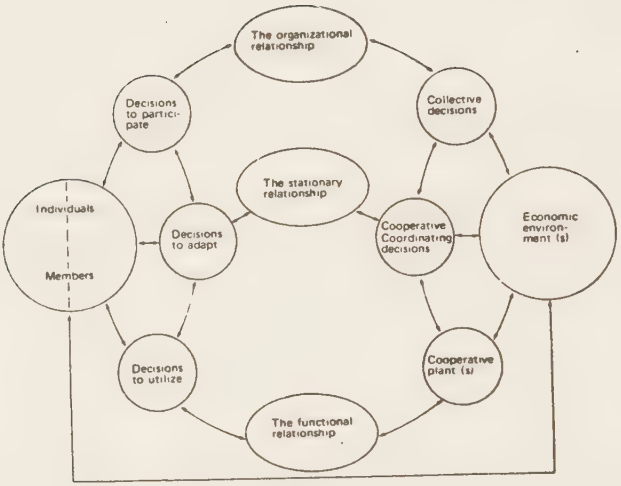

Figure 2.1. The elements of a cooperative model
Source: Skår (1981)

The two sides of the model are joined by three major relationships, namely: a) the organisational relationship, which includes the participation aspect and aggregate information on this, and the communication and control aspect; b) the static or structural relationship, which comprises size distribution, member density and the technical aspects of the members and plant, and c) the functional relationship, which includes the flow of economic activity to and from the members and plant.

Finally, Skår states that the first characteristic of the cooperative enterprise, regardless of context, is its integrated nature and relatively static structure. A corollary of this is that, due to the integrative nature of the cooperative enterprise, members become mutually dependent in their efforts to pursue their own individual objectives. According to Skår´s model, non-members can also exploit cooperative services, but cannot of course influence the cooperative coordination decision. Decisions arrived at by members give the background for collective decisions. These should be well defined and made concrete so that they can be applicable in a practical sense, and can be coordinated by the cooperative establishment (functional organisation) in rendering services to members - and non-members - in a functional relationship. Through this approach, members´ individual demands can be satisfied.

The views of Skår as illustrated in the model presented above raise some issues that can help throw light on further conceptual development of cooperative phenomena. The model represents a practical approach,

and can be used to answer important questions during the feasibility studies needed before organising cooperatives.

My commentary here is centred on the ´Decisions to participate´ element in fig 2.1., and on the services of the functional organisation (Cooperative Establishment). Skår´s model shows that members and non-members alike can exploit cooperative facilities. From the members´ position, this situation enables us to view the activities of the functional organisation as an aspect of the exchange process. It also broadens the premises for decision-making in the functional organisation in consideration of the interests of the non-members purchasing its goods and services. The roles of cooperatives are better understood here than in the administrative models, where they are used to launch political ideologies and where there is no real measure of their objectives.

An important question that can be derived from Skår´s model is: Under what conditions can a non-member make use of cooperative services ?Two answers are possible:

1. Where the cooperatives have planned for the marketing of the goods and services of the functional organisation to non-members under special conditions (e.g. where domain consensus(1) exists with non-members).

2. Where non-members can exploit cooperative opportunities at a coincidental attraction level, i.e. where the public perceives the benefits of cooperative services and demands them, but where satisfying the public is not a major policy area of the cooperative organisation. This situation induces the cooperative organisation to formulate new strategies for selling goods and services to non-members.

These two answers suggest that ´exploiting decisions´ is the basis for the formulation of cooperative marketing strategies, and can also be the basis for the evaluation of cooperative impact on the economic environment. So the central question in the organisation is: who will exploit the services of the cooperatives?

Where cooperative members´ decisions take account of the rural needs of non-members a major agricultural cooperative problem in the developing countries has been solved. Cooperatives could then be viewed more as marketing organisations.This can lead to change of attitude, especially in those countries that organise their administrative models within a fully-centralised national economy. Here, the cooperatives will see their activities from a marketing management perspective and at the same time exploit opportunities in the environment to pursue their own objectives. Thus they more or less perform marketing functions in the economic environment. Marketing is here defined as human activity directed at satisfying needs through the exchange process (Kotler, 1974).

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1. See Thompson, J.D.: Organisations in Action, 1967.

2.2.3. Cooperatives and Development Theories

The last source of cooperative ideas employed in agricultural cooperative development comes from agricultural cooperative development theories. Some of these have influenced the formulation of policy for cooperative development by different governments in the developing regions. Different development policies have given rise to different types of agricultural cooperatives. We shall next discuss previous studies in cooperative development and its aims, and cooperatives and state relationships.

2.2.3.1. Previous Studies in Agricultural Cooperative Development

No detailed studies of the activities of agricultural cooperatives in Nigeria exist. However, the studies of Ijere (1974) and O'Reilly (1977) give some basic information. Other studies outside Nigeria which I consider important are those of Dülfer (1974) and Hanel and Müller (1976).

Ijere's study of the evolution and future of farmers' multi-purpose cooperatives in Nigeria traces the situation in the country that led to abandonment of the single-purpose strategy in 1954 and introduction of the multi-purpose strategy. Ijere conducted a case study of Anambara multi-purpose cooperative society in Nteje, in order to illustrate how an fmcs functions in reality. Some observations that can be made in his study are the ways inconsistent objectives are formulated by cooperative members due to their misinterpretation of the concept of function in the multi-purpose model. These cooperatives were organised to solve all kinds of socio-economic problems in the villages, and this is a misinterpretation of the fmcs strategy, which is related only to agricultural development. When I visited Nteje during my studies in 1979 I found that the cooperative had liquidated and its members had moved down to Onitsha to look for alternative economic activities.

O'Reilly examined traditional agricultural (pre-modern) activities and the post-modern-cooperative period in Kano State, Nigeria. He recognized that, after introduction of modern cooperatives, cooperative activities decreased. This was due to the existence of problems which, peculiar to Kano State, should have been solved before the cooperatives could function. O'Reilly also observed that modernisation which leads to the hiring of labour, the expansion of holdings and the breakdown of traditional relationships is the progress of the few at the expense of the many, and

> "is in direct contradiction to the spirit and purpose of the agricultural cooperative movement as devised by Raiffeisen, and as variously developed throughout the world".

Dülfer's study concentrates on how to improve the operational efficiency of agricultural cooperatives in developing nations. What is important in this study is that it gives a detailed description of different patterns and structural forms of agricultural cooperatives in some developing nations. Based on his experience from these studies, he recommended the integrated model as most appropriate for countries with peasant economies.

My interest in the study of Hanel and Müller centres on the theoretical background and the methodology they designed for the evaluation of farmers' multi-purpose cooperatives in Iran. Although the study was conducted in Iran, the ideas can be employed in other areas. I have used their conceptual view of cooperative organisation to compare with my own. The reader is referred to Chapter three for more discussion.

2.2.3.2. The Aims of Cooperative Development in Developing Countries

According to Dülfer, agricultural cooperatives have spread in nearly all developing countries, but in most they are subject to more or less comprehensive programmes of government promotion in connection with official and economic development policy. Consequently, the appreciation of cooperatives in connection with the process of development varies considerably due to diversity in development targets or aims. Furthermore, cooperative development activities in developing countries concern mainly two groups, namely:

1. members and leaders of the cooperative movement and,
2. authorities responsible for the development policy of the country.

According to Dülfer, when we speak of the internal aims of a cooperative group, we refer to them as the micro-policy of the cooperative; but when we speak of the aims of the ruling authorities, we refer to them as the macro-policy of cooperative development. These are the two dimensions of the dualism in cooperative development policy in developing countries.

The implication of the above situation in cooperative studies in the developing countries is therefore:

> "first of all, the possible relations between the development policy of the government and the operations of the existing cooperatives must be investigated. The problem should be considered from the standpoint of national development targets, in order to ascertain criteria for efficiency of cooperatives from the viewpoint of macro-policy".

Many countries aim at increasing their gross national product, some at improving their standard of living, through cooperatives. Other cooperative development aims are food production, improvement of education, communication, etc. Dülfer states that, at macro-level, these development targets are instrumental to the attainment of financial independence and equality with other nations and, at micro-level, of development of the motivation to participate in a new nation.

2.2.3.3. . Cooperatives and State Relationships

An important feature of the history of cooperative development is that of state intervention. Laidlaw says that

> "In any discussion of cooperation in developing countries the role of government and the state is of paramount importance, because in practically all these countries the form which co-

operatives will take and the manner in which they will be organised and promoted will depend largely on government policy and the work of officials. Furthermore, the political climate generally in developing countries is such that nothing of much significance for cooperatives is likely to happen except on the initiative of government."

Nwosu (1975) presents three aspects of government intervention in cooperative development:

"To some, the state's function is to act as an umpire, keeping a watchful eye to ensure that the rules of the game are observed. In this case, it has the duty of encouraging the establishment of cooperatives, to enact laws and regulations and to punish those who go contrary to them.

"Another school of thought would want a greater intervention by the state so that, in addition to the establishment of cooperatives, the state should finance and organise cooperatives using them as its agency of change.

"A third school would have none of these, maintaining that the state should hands-off the affairs of cooperatives, which, as a group in the economic system, should be allowed the freedom to grow on their own, and to compete on equal grounds with other bodies."

Nwosu says that none of the above schools has a monopoly in the developing countries where colonial administrators have introduced cooperative societies to fulfil various development objectives. We should not be surprised, therefore, to find a medley of motives and emphasis by different governments with regard to the development and significance of the cooperative movement. In concluding his article, Nwosu says that the movements' and the governments' ultimate objective must be an independent cooperative movement providing its own supervision and finance, with the cooperative department or the ministry confining itself to its strictly legal function under cooperative law.

2.2.3.4. Models of Agricultural Cooperatives from Development Policies

State intervention in the use of cooperatives in pursuing the goals of certain development plans has resulted in certain agricultural cooperative models. Some of these have been discussed by Dülfer (1974) and Laidlaw (1972).

Types of Agricultural Cooperative in Development Plans

There are two fundamental patterns of agricultural development cooperative: the cooperative production society and the cooperative service organisation (Dülfer, 1974).

In the first case, the cooperative is made up of individual farmers who have joined together to form a cooperative establishment for collective production. As a result of this, the individual economies of the

members are absorbed by the cooperative establishment. Hence, the cooperative for collective production is created by consolidating the former independent members' economies into a common cooperative. Sometimes, terms such as group or joint and collective farm are used to describe cooperative organisations developed from this basic pattern.

The second type of agricultural cooperative is the cooperative service society, which is an educational approach to cooperative development. Here one understands the cooperative as a pattern of economic activity for promoting the individual economies of the members of the cooperative group. The farmers' economic holdings retain their autonomy while delegating certain services of common interest to the cooperative enterprise. The above two patterns of agricultural cooperative are basic. Other models of farmers' cooperative have developed from them.

The fmcs in Nigeria relate essentially to the second pattern - the cooperative service organisation - which is discussed very briefly here. There are two basic models of cooperative service organisation: single-purpose, where the cooperative performs one single function such as supply of input materials, marketing of member products, credit, etc.; and multi-purpose, where the cooperative renders more than one service, e.g. supply, marketing and credit functions could be combined by one organisation.

Multi-purpose cooperatives were devised by Raiffeisen in the 1850's. At that time the farmer was not able to compare different market sources of supply because of his full dependence on the local trader, who was at the same time the money-lender. The cooperative society therefore had to make arrangments for supply and marketing services to the farmer. Generally, Raiffeisen's concept was based on the premise that the subsistence farmer was neither accustomed to, nor qualified for, participation in a market monetary system. This model is adequate for peasant economies and has therefore been adopted by many countries with differing organisational structures (see Dülfer).

2.2.3.5. Organisation and Structure of Agricultural Cooperatives (Laidlaw, 1972)

One of the greatest problems in agricultural cooperative devlopment is that of choice of appropriate form of structure and organisation. This is because of systems of land tenure and government strategy in agricultural development. Moreover, agricultural cooperatives require a number of different services: credit, production supplies, marketing, etc. Each country is expected to choose the form of agricultural cooperative that is adaptable to its environment.

In Laidlaw's view, the problems of structure and form of organisation

> "have to do with participation of members, the calibre of management, use of capital and credit facilities, business efficiency, and farm guidance services provided by the cooperative. In short, form and structure decide the very nature of an agricultural cooperative, and whether it can survive or not".

Concerning the problem of choice of cooperative form and structure, Laidlaw gives the following:

1. federated systems versus centralised systems
2. the single-purpose versus the multi-purpose form of organisation
3. agricultural versus non-agricultural integration
4. the unitary versus the dual structure for educational services
5. federation with other cooperative structure.

Laidlaw's concepts and terms for describing organisation structures risk being confusing to someone lacking a broad theoretical background in cooperative theory. Such terms must be defined well, e.g. operationally, with diagrams. The confusion increases when we use concepts such as integrated societies. Laidlaw says, for example,

> "as a result, the trend nowadays favours the centralized system, in which the various aggregations of members and points of service are branches of a large integrated society".

This statement is true, but we can also use the terms 'federated', 'centralised' and 'integrated' to describe multi-purpose cooperatives in terms of activities performed. I recommend the terms used by Dülfer, who says that, fundamentally, the choice of cooperative is polarised to:

1. cooperative production societies (centralised)
2. cooperative service societies (federated)

These two fundamental structures are related to Philip's (centralised) and Emelianoff's (federated).

2.2.3.6. Evaluating Cooperatives in Developing Countries

The problem of evaluating cooperatives in developing countries has been discussed by, among others, Dülfer (1974), Hanel and Müller (1976) and Widstrand (1970). Dülfer states that when speaking of the 'efficiency' of cooperatives in either positive or negative terms, there is no general agreement as to what 'efficiency' means. In practice, it may be possible to measure or quantify certain influences of cooperatives on the situation of members. But even then, the question arises of the desirability of these results, particularly from the point of view of the country's overall development or from that of the government concerned.

> "The various possible appraisals of cooperatives are evidently based on different approaches to development or, in other words, on different development concepts, which are conditioned by differing targets or operational objectives. What is judged effective from the standpoint of one target can be seen as a mistake from the standpoint of another. Therefore the question of efficiency can also be regarded as a question of the targets and operational objectives to be attained by cooperatives or through the medium of cooperatives."

The problem now, according to Dülfer, is "Who determines targets and operational objectives?" The standard answer is "the members". But is this answer equally valid for developing countries where member farmers are involved in an agricultural development that must be more or less coordinated, even guided, by the authorities? Since this question characterises the particular situation of agricultural cooperatives in developing countries, the problem of cooperative efficiency should be discussed in relation to such countries. Moreover, to emphasize that the resulting recommendations should be oriented to practical operation (under given conditions and with respect to commonly expressed targets), the term ´operational efficiency´ is used. This concept, he implies, is a workable criterion for measuring efficiency. More discussion on the evaluation of cooperatives is presented in Chapter eight.

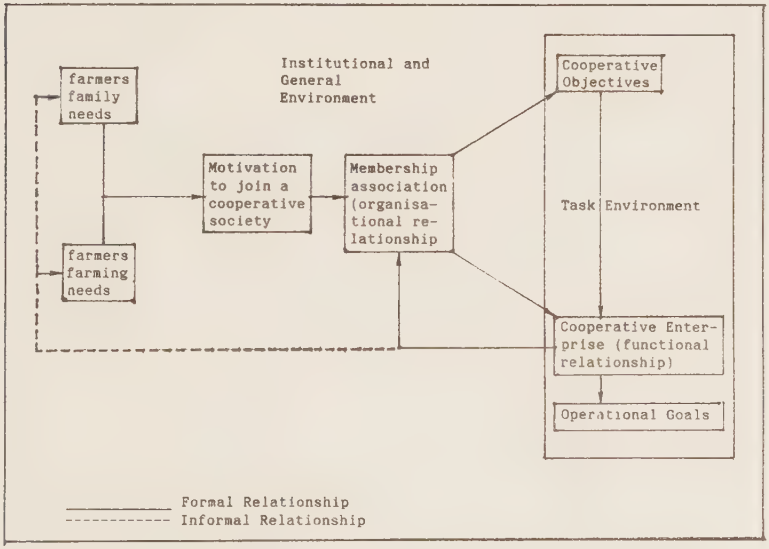

Fig. 2.2. A Model of an Agricultural Cooperative and its Basic Elements

2.3. The Basic Elements of an Agricultural Cooperative (Frame of Reference

The foregoing discussion of general theories of cooperatives and development has led to the construction of a model of an agricultural cooperative with its basic elemnts. This is shown in Fig. 2.2. above. This model can be described as follows.

The motivation for village farmers to join these cooperatives is

influenced by the needs of their private economic activities and their families. By family is meant here the nuclear family: man, wife and children. Farmers who decide to join agricultural cooperatives become their members (ultimate owners). They form an association of cooperative membership (the organisational relationship). The formulated common objectives of the members' association give rise to the setting-up of a collective business enterprise or cooperative establishment (the functional organisation). The cooperative enterprise operates under the influence of the members' objectives, which lead to the formulation by the management of various operational goals. Achievement of the goals of the functional organisation is, indirectly, the basis for members' motivation to remain in the cooperatives, and this will depend on the extent to which the cooperative adopts operative mechanisms appropriate to the demands of the task environment.

Achievement of the operational goals is constrained by the environment. The environment can be viewed as the external world over which the cooperative has no control, or as the society in which the cooperative is located. It is classified into Institutional and General Environment and Task Environment. In this study we shall concentrate on the task environment, whose activities influence the operational behaviour of the cooperative. The concept of environment is discussed in Chapter three and its patterns of constraint are classified in Chapter seven. According to Scott (1981), the basic elements of an organisation are:

- the social structure (the patterned or regularised aspects of relationships existing among participants in an organisation)
- the participants (the organisational participants include cooperative members primarily)
- the goals
- the technology
- the environments

This literature survey has revealed that cooperatives can be viewed as organisations since they exhibit the basic characteristics of organisations: possession of goals. So, apart from the unique characteristics of the cooperative concept, an agricultural cooperative also possesses the basic elements of an organisation.

Visualising a cooperative as an organisation allows us to consider three levels of analysis discussed by Scott: the social psychological, the structural and the ecological. The social psychological level concerns the attitudes and behaviour of cooperators or villagers towards cooperative development. Analysis at the structural level will consider the functions and segmental characteristics of the type of cooperative being studied, including processes and mechanisms employed for goal attainment. Finally, analysis at ecological level will examine an agricultural cooperative as a collective unit functioning in an external environment with other participant organisations, i.e. at

inter-organisational level. In other words, the behavioural actions or characteristics of the cooperative are viewed as if they were an individual unit.

In view of the problem definition in Chapter one, I shall concentrate mostly on the structural and ecological levels of analysis. The social psychological issue will not be neglected, however, since there are interrelationships between all three levels.

2.3.1. Research Questions raised in the Model of Agricultural Cooperatives Presented

If the agricultural cooperative model presented above is to be used to direct this study, the following problems and questions it raises must be looked into:

1. What is the nature of cooperative organisations, especially the farmers' multi-purpose cooperatives in the East Central States of Nigeria? This question is answered segmentally in Chapters four to seven.

2. What is the nature of the farming and family needs that motivate a farmer to join a cooperative society? This question is answered in Chapters five, six and seven.

3. What is the nature of the group structure (membership association) that comprises a cooperative society? The answer is presented in Chapters five and six.

4. What are the goals and objectives of an agricultural cooperative? The answers are presented in Chapters four, five, six and seven.

5. It is important to examine the nature of economic projects set up by the cooperative enterprise. What is the viability of these projects? Are they in line with the objectives of the cooperative association? To what extent are they relevant to the farming needs of the members' association? These questions are answered in Chapters five and six.

6. To what extent are the cooperative economic projects adaptable in their task environment? The answers are presented in Chapters seven and eight.

7. What is the nature of the cooperatives' institutional environment? What demands are made on the cooperatives and how do they react to them? (see Chapters four, five, six and seven).

8. What are the constraints on the cooperative systems? (see Chapter seven).

9. To what extent are the cooperatives achieving their goals and objectives? How can their performances be evaluated? (Chapter eight).

10. How can we improve the performances of the cooperatives? (Chapters nine and ten).

2.3.2. The Importance of the Agricultural Cooperative Model in Investigating the Problems of Transition

The answers to the above research questions are expected to create the fundamental knowledge needed to search out the organisational structure appropriate for promoting cooperative development in the East Central States. This is the major importance of the above model in studying the problems of transition. As mentioned in Chapter one, the problems of transition are those of understanding the nature of cooperatives in ECS and their environmental relationships.

In Chapter three, we shall design the research methodology for studying the cooperatives in ECS.

CHAPTER THREE - RESEARCH METHODOLOGY

3.1. Introduction

The conclusion of the last chapter is that, since an agricultural cooperative has the basic characteristics of an organisation, it can be studied as such. In this chapter, I shall explore methods that can be used to study the farmers' multi-purpose cooperatives in the East Central States of Nigeria.

This chapter has three main aims. The first is to discuss the research methodology of this study. The systems approach was chosen as a frame of reference, since cooperative phenomena, the role of cooperatives in agricultural development and the present situation of cooperative development in the ECS can be better understood by using this approach.

The second major aim of this chapter is to discuss the empirical investigation in the ECS. The methods and techniques for data collection were influenced by the need to understand the cooperative phenomena and the cooperative development situation there. Empirical investigation was considered important in the study because it was expected to provide first-hand information about the real-world situation of the primary cooperatives and unions, and about the entire administrative set-up of cooperative development in the ECS. Secondly, it was undertaken to reduce the serious doubts, induced by confusion in the scanty literature on the subject, concerning the structural forms of fmcs in the ECS.

Thirdly, I shall compare briefly the methodology designed here with that of previous research on cooperative development in a developing country.

3.2. Choice of Methodology: Background

As stated in Chapter one, the problem motivating this research is that no concrete reasons have been given for the inefficient performances of the farmers' multi-purpose cooperatives in the East Central States. This situation required empirical investigation. The literature survey in Chapter two resulted in a cooperative model that can be used for this investigation. The relationships between the elements and components in the model with respect to the situation in the ECS are not known, and it is also my view that the deficiencies in the literature are due to shortage of empirical information about cooperative development in the ECS. This is another reason for the investigation. The question now is, how to investigate?

Clearly, to make a useful investigation, appropriate research methodology is necessary, and this demands an objective real-world view of the problem situation. Our preliminary investigation and the survey of literature gave some useful insights into the real-world situation in the ECS. Thus:

1. The farmers' multi-purpose cooperatives have members who are involved in diversified socio-economic activities, e.g. own-

ership of small-scale processing units for agricultural products, collective or group farms, educational institutes, distribution stores, thrifts and savings, etc. These activities are pursued collectively in order to satisfy membership interests.

2. The fmcs' have formal goals and objectives, the nature of which has to be established by the empirical investigation.

3. Other types of cooperative, e.g. consumer, produce marketing, industrial, etc, exist and operate in the same socio-economic environment as the fmcs' under the same influence of government cooperative laws and regulations.

4. There are government-controlled institutions in the ECS to promote and manage the cumulative activities of cooperative development in the ECS. The extent of this government involvement is unknown, but can be investigated by empirical study.

5. Finally, the fmcs' together with other cooperative societies in the ECS form secondary cooperative unions and tertiary unions (apex organisations) for promoting the common interest of the heterogenous membership in the cooperative movement of a state government area at state, local government and village levels.

This background indicates a social science approach.

3.3. Social Science Approaches

Three major methodological approaches are discussed in the literature of research methods in business administration (see Arbnor/Bjerke, 1976). They are the analytical approach, the systems approach and the action approach. These form the philosophical background of our conception of a problem area in social science. The choice of any approach depends primarily on the basic situation surrounding the research problems or the area of investigation.

The preliminary investigation summarised in 3.2. showed that the farmers' multi-purpose cooperatives in the ECS are embedded in the cooperative system of a state government area. A system is defined here as a set of interdependent parts (Ackoff,1971, Ackoff,1974). An fmcs functions as an autonomous socio-economic organisation but is subject to the restrictions of cooperative law. This is a limitation to flexibility and at the same time there is the presence of related family and public economies. In other words, an fmcs is made up of aggregations of economic units and a set of complex relationships. All this suggests that an fmcs can be investigated as a system.

The major use of the systems approach in this study is as a tool for describing the cooperative system of a state government area in the ECS (i.e. Anambara and Imo). The most important task when describing a system is to define its boundaries in order to understand the relationship between the participants (elements and components). This is presented in Chapter four below.

However, the fmcs itself (which is the focal system within a state cooperative system) under study will also be described using an organisational analysis approach, since we found in Chapter two that the fmcs' also have the characteristics of formal organisations. My own ideas about organisational analysis have been developed from the social systems concepts of organisation theory (Parsons, 1956). Chapters five and six contain an analysis of the fmcs in the local areas from this perspective.

The above are the two major methodological approaches to be applied in this study.

3.3.1. The Systems Approach as a Research Methodology

The systems approach is viewed as a research methodology because it tends to understand or explain reality in terms of purposeful behaviour. Purposeful behaviour (Van Gigch, 1974) is what is directed towards attainment of a goal, a final state. The main advantage of the systems approach in investigating a problem situation is that it focuses on a system taken as a whole, and on its general performance. The concept of a system was defined in the last section. This approach also provides guidelines to redesigning the system where it is functioning inefficiently. Consequently the systems approach is applied in a variety of ways and in different complex problem situations. Different writers have various ways of operationalizing systems concepts, e.g. Churchman (1968), Ackoff (1971), Van Gigch (1978), etc.

The basic logic of the systems approach is that when confronted with a problem situation, one should try to take a broad look at the problem and identify its various dimensions (all the relationships and situations involved) instead of solving it piecemeal. Understanding the relationships helps one find a meaningful solution. The foregoing represents my general view of the systems approach used in this study. My conception here is built on ideas from Van Gigch (1978), and will be discussed in more detail later on.

With respect to the ECS we can employ the systems approach in identifying the configuration of agencies, institutions, organisations, etc, whose activities are relevant for the growth and survival of fmcs' in the cooperative system of a state government area in the ECS.

3.3.1.1. Characteristics of the Systems Approach (Definitions of Concepts and Terms)

The systems approach assumes an organisation - here, an fmcs - to have a set of interdependent parts which interact functionally to achieve its goals and objectives. A goal is defined as a statement of purpose, while objectives are viewed as measures of levels of effectiveness. The major system being studied - fmcs - is viewed as the focal system. The internal parts of this focal system are the elements, e.g. members, capital, etc The external parts are the components, e.g. the state cooperative department, local markets, agricultural departments, etc. To attain its goals and objectives, the system allocates functions to both elements and components, and this forms the basis for explanation

of their relationship with the focal system. Resources are exchanged with the society of location. So a system such as the fmcs is viewed as open, and the extent to which this exchange of resources involves outer systems marks its boundary. The idea of system levels is used when describing an organisational system to show that a system is embedded in others (van Gigch, 1974). Thus, establishing boundaries involves identifying whole, total and sub-system levels.

The whole-system level is the larger system. In the ECS case, this is the state level where policies are made. For example, the government department responsible for cooperative development is located here. The total system level is where elements and components aggregate into a single system working towards a common goal, e.g. the local government level in the ECS where the divisional cooperatives, divisional cooperative councils and primary cooperatives work together towards achievement of the socio-economic goals. The sub-system level is where each of the systems of the total system organisation operates or functions as a self-contained and self-sufficient organisation, thereby pursuing individual organisational goals. In the ECS, at community council level, the primary cooperatives function as individual collective units of organisation. Finally, the systems approach is concerned with evaluating the performances of the focal systems studied. The aim is knowledge of the extent of goal attainment. This evaluation of performance, which is discussed in Chapter eight, is the basis for redesigning the system - see Chapters nine and ten.

3.3.2. Characteristics of the Organisational Analysis Approach (Definition of Concepts and Terms)

As already mentioned, my approach to organisational analysis is developed from the social concept (Parsons, 1956)1. An organisation is viewed as having some basic goal which contributes to a major function of a more comprehensive system, usually a society, e.g. the East Central States. The goal of the organisation usually legitimises its existence, and is also the basis for explanation of its relationships with its functional parts. Since organisations are seen as sub-systems of the social system, our first concern when dealing with them is to define their specific goals and to evaluate their primary functions on the basis of the contributions they make to the society. When employing the social system concept, the emphasis is on goals, and so the point of departure for descriptive analysis of an organisational system such as an fmcs is identification of its primary goals. On the social system view, an organisation such as an fmcs has a describable structure. A structure is defined here as the form or nature of relationship that binds the elements and components of an organisation together. According to Parsons, structure can be

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1. This is not the place to discuss schools of organisational analysis. However, Parsons' theory is classified as a natural systems perspective (Scott, 1981). Here, an organisation is viewed as a collectivity whose participants are little affected by the formal structure or official goals but share a common interest in the survival of the system and who engage in collective activities informally structured, to secure this end.

described and analysed by using the value system as the point of reference. The value system is viewed here as represented by the goals of an organisation. Structural description can be divided into adaptive mechanisms, operative goal-attainment mechanisms and integrative mechanisms (i.e. institutional factors affecting the structure of an organisation).

An organisational system employs the above mechanisms to satisfy its needs in the society in which it is located. Adaptive mechanisms are related to procurement of input resources, e.g. capital, human resources, land, etc. Operative goal attainment mechanisms centre on making conversion process and exchange decisions which can lead to achievement of output goals. There are three types of operative decision:

- policy decisions
- allocative decisions
- coordinating decisions

Policy decisions centre on the basic problems of organisational design and primary functions, allocative decisions on assigning roles to the functional parts of the organisation, and coordination decisions on the motivational problems of influencing the members to work towards a common organisational goal. According to Parsons, the first two concern problems of attaining organisational effectiveness and the third concerns efficiency. In the study of cooperative organisations such as the fmcs (service cooperatives) which render services to complex aggregations of economic units of farmers and their families, policy and coordinative decisions will be an important area of concern, since a cooperative makes profits for its members indirectly, through socio-economic services.

Integrative mechanisms are those by which the organisation is integrated with other organisations and institutions in the environment. They are represented in the generalized influence, on the organisation, of the society in which it is located. There are three aspects of these mechanisms:

- the patterns of contract in the society
- the institutions of authority
- the institutionalization of universal rules

With respect to the ECS, these are related to the influence of the cooperative law, the universal rules and norms, and the general influence of the pattern of socio-economic development on the people in the areas under study. However, the extent to which these institutional factors will affect the fmcs will depend on the extent to which the latter are able to mobilize and utilise economic power and human resources for attaining their goals.

The social system conception of an organisation views the society as the environment of the organisation. Each society has a prevalent technology, which is employed by participating organisations in the transformation of goods and services. Environment is defined here as those systems in the area of location of the organisation over which it has no control. Technology is the state-of-the-art in a society where

the organisation is located.

Organisational analysis in the social systems approach is also interested in evaluating the performances of an organisation in order to ascertain the extent to which it achieves its goals. The basis of this evaluation is to examine the organisation's ability to achieve its goals as an independent organisation and to make contributions to the larger society. This is discussed in Chapter eight.

3.3.3. Advantages and Disadvantages of these Approaches

The major advantage of the systems approach is that it helps us to investigate the whole problem area and the basic relationships. It also provides guidance for evaluating the general performances of the focal system and redesigning it if it is not functioning well. The major disadvantage is that the concepts are highly generalised and can inhibit deeper analysis.

The organisational analysis approach complements the systems approach by helping one to look at problems from a perspective position, for example the social systems concept or the contingency theory concept. In these ways, deeper analysis can be made and one can explore a wide range of theories of organisation, some of which are based on empirical findings. The major disadvantage of this approach is that, unless one limits oneself to a conceptual area of organisational theory in order to attain a meaningful level of coherence, there could be inconsistencies in synthesizing findings.

3.4. Cooperatives as Socio-economic Systems (Operationalization of the Systems Approach)

The application of the systems approach in the study of cooperative organisations in the type of structural systems in the ECS has certain implications which must be clarified. One may be tempted just to apply the general concepts of the systems approach to a substantive area such as cooperative development in the ECS without considering the real nature of the participants in the system and their diversified characteristics. These participants belong to the cooperative systems in a state government area in the ECS, and before we can study the fmcs in the ECS we need a broad view of the nature of relationships in these systems. So any application of the systems approach in the study of cooperatives in the ECS must answer the following questions:

1. What is the systems approach?
2. In what areas can we apply the approach in the study of cooperative development in the ECS?
3. How can we apply it (operationalization)?
4. What are the limitations of the approach in this study of cooperatives?

The first methodological question above has already been dealt with, in Section 3.3., and involves understanding the systems approach and how it can be applied here in identifying boundaries.

In consideration of the second question, there are two major areas in the study of cooperative development where we can employ the ideas of the systems approach. The first is a descriptive analysis of the structure of fmcs' within the cooperative system in order to understand the context of their internal configuration and relationships. Here, too, it is tempting to do this using systems analysis at sub-system level. This could be accepted since it fulfils the requirement, but, to me, it would be looking at the problem without a deeper perspective - like cooking without salt.

Since the fmcs are found in the real world to possess the characteristics of organisations, it is appropriate to apply the descriptive analysis concepts of organisation theory here to complement the general methodology of the systems approach. This heuristic action can be helpful in understanding the cooperative problem more deeply from the organisational perspective, and this in turn may help in the choice of criteria for evaluating the fmcs'. Organisational-theory-thinking can also be helpful in designing the new organisational form for the ECS.

The second area where we can employ the systems approach is in redesigning the cooperative system of a state government area using knowledge gained through studying it empirically. This can be done by suggesting structural configuration based on the general objective of the system identified during the empirical investigation.

We have now seen the areas where we can employ the systems approach in this study. How then can we operationalise it in consideration of the third question above?

Here I borrow some ideas of the systems approach from van Gigch (1) to help identify the entire cooperative system of a state government area in the ECS, and then study the nature of functional relationships between its components. After this, the fmcs' and their environmental settings can be studied.

According to van Gigch, there are four important areas in the application of the systems approach that require particular attention in the study of organisations. They are

- defining the boundaries of the whole system and the environment
- establishing the system's objectives
- determining the programme structure and programme agents' relationships
- describing the system's management

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1. See van Gigch (1974): Applied General Systems Theory. Also, Churchman (1968): The Systems Approach.

Van Gigch's suggestion is general, and can be applied to any of the composite organisations or agencies that constitute a whole system. Doing so does not actually improve the way we experience the phenomenon under study (in this case the fmcs'). However, the systems approach from the theory of organisations (Van Gigch) seeks to consider an organisation as an integrated whole, whose goal is to achieve overall systems effectiveness while harmonizing the conflicting objectives of its components.

Since the fmcs are organisations (see Chapter two), they require an organisational conceptual viewpoint. This can determine the way we experience the fmcs in this research project, since in research we are not dealing with absolute reality but the way we experience it through concepts (1).

This action can help us present a coherent description of fmcs' from an organisational analysis perspective. This being the case, we can view an fmcs as a social system (Parsons, 1956) (2). According to Parsons:

> "An organisation is defined as a social system oriented to the attainment of a relatively specific type of goal, which contributes to a major function of a more comprehensive system, usually the society. Such an organisation is analysed in terms of an institutionalized value system, above all in defining and legitimizing its goal, and of the mechanisms by which it is articulated with the rest of the society in which it operates. There are three primary contexts of this articulation. (1) procurement of the necessary resources, financing, personal services and "organisation" in the economic sense, (2) the operative code centering on decisions which are classified as policy decisions, allocative decisions, and coordinative decisions, and (3) the institutional structure which integrrates the organisation with universal rules".

Thus a farmers' multi-purpose cooperative organisation could have the goal of rendering socio-economic services to members to help them improve their production of food and other agricultural products. In this way, the fmcs' could be performing productive functions for the larger social system of the ECS; and this is the major relationship between them. So an fmcs can be seen as a social system and can be described and analysed from that perspective. The Parsons theory is used here as a frame of reference (3) and, while no test of the theory is envisaged, the concepts are used in describing the structure of farmers' multi-purpose cooperatives. Figure 3.1., overleaf, illustrates the contemplated descriptive approach based on Parsons' social systems perspective.

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1. See Mayntz, Holme and Hoebner: Introduction to Empirical Sociology (1976)

2. Parsons, T.: Sociological Approach to the Theory of Organisations: ASQ Vol.1, 1956. See also Parsons, T.: Structure and Process in Modern Societies, (1964), p.16.

3. See Glaser and Strauss: The Discovery of Grounded Theory (pp 94-99, The Uses of Formal Theory.

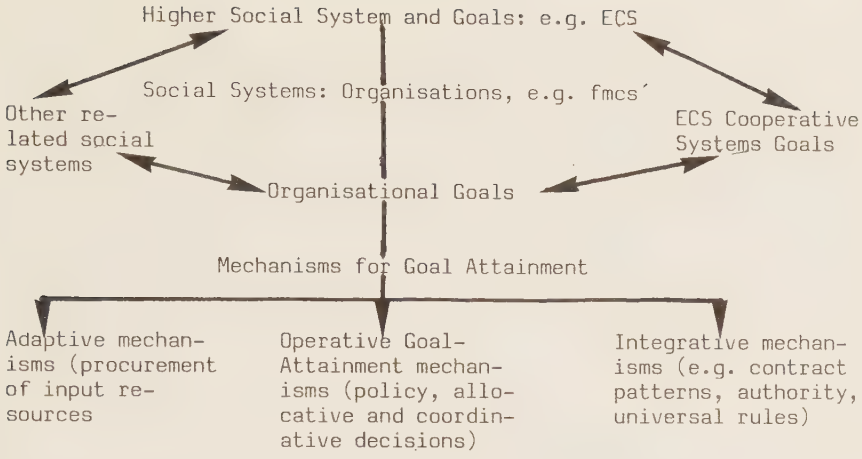
Higher Social System and Goals: e.g. ECS
Social Systems: Organisations, e.g. fmcs´
Other related social systems
ECS Cooperative Systems Goals
Organisational Goals
Mechanisms for Goal Attainment
Adaptive mechanisms (procurement of input resources
Operative Goal-Attainment mechanisms (policy, allocative and coordinative decisions)
Integrative mechanisms (e.g. contract patterns, authority, universal rules)

Fig. 3.1. Framework for Description of an Organisation, from Parsons´ Theory.

In Figure 3.1., achievement of the goals (in reality, societal goals) of fmcs´ is viewed as having functional relationships with the cooperative system of the ECS and with the ECS higher social system. To achieve its goals, the fmcs interacts with the other social systems (institutions, cooperatives, etc.). Services are exchanged which can be helpful to either side in goal attainment. However, achievement of the goals of the fmcs will depend on the effectiveness of the operative mechanisms. The purpose of the descriptive analysis , in line with the systems approach, is to understand the nature of these relationships and mechanisms and to identify constaints in them.

In terms of this social system perspective, three important basic relationships can be discerned between the farmers´ multi-purpose cooperatives and the larger social systems settings. These are the institutional, the technological and the internal organisational systems relationships. The first includes the configuration of relationships between the organisation studied and its social setting, e.g. norms and rules, contracts, power, etc. In the case of the ECS, we shall consider how these factors influence the execution of policy relationships between fmcs´ and the state governments in the ECS.

The second relationship, the technological, includes the configuration of relationships between the organisation studied and its technology. Lastly, the internal organisational system relationship includes the configuration of relationships between the organisation and its internal elements. Using these three basic relationships of an fmcs, one can gain deeper insights into cooperative problems in the ECS.

3.4.1. The Emerging System to be Studied: Research Plan

I have already hinted at the emerging system to be studied in this research project: the cooperative system of a state government area in the East Central States of Nigeria. A simplified model of such a system is presented in Figure 3.2. below. As mentioned earlier, the system will be studied at three major levels, namely the whole (state), the total (local government) and the sub-system (community council) levels. The two major participants here - the state and the cooperative movement - both have cooperative development agencies.

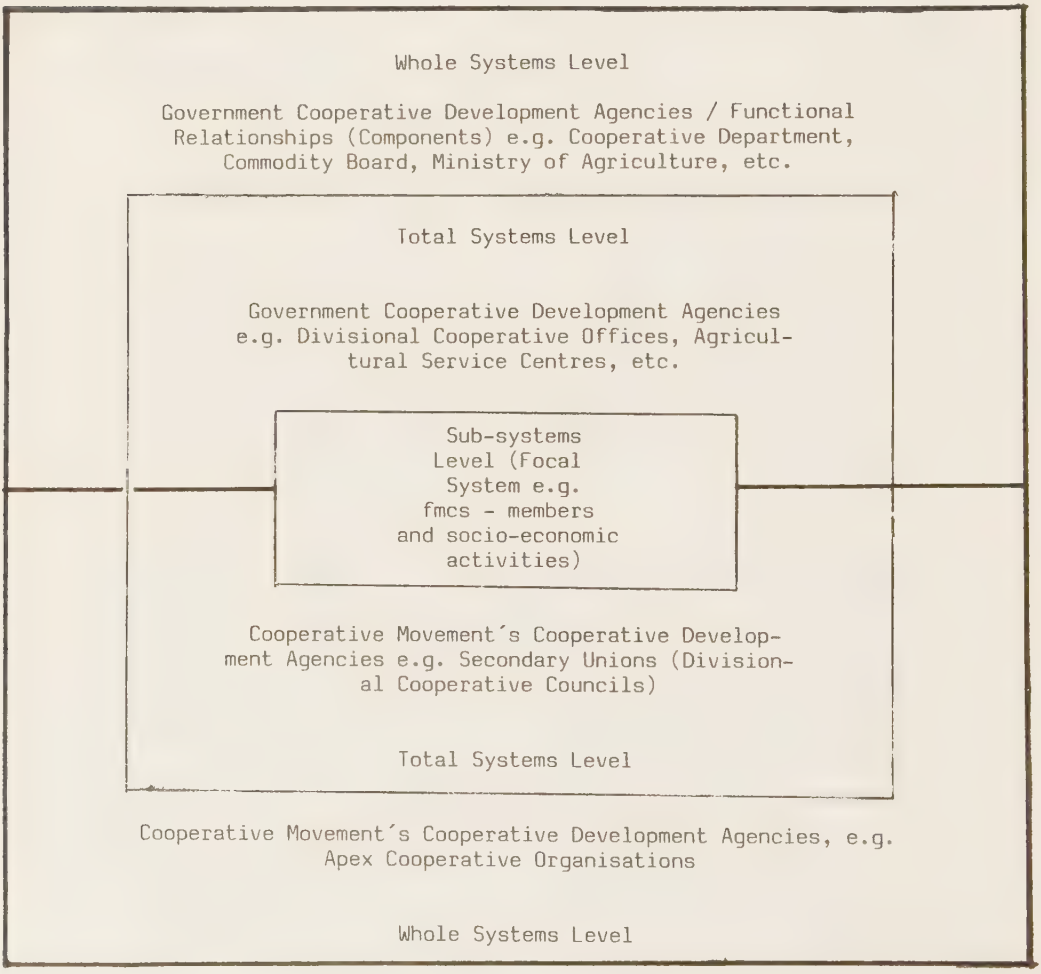
Whole Systems Level
Government Cooperative Development Agencies / Functional Relationships (Components) e.g. Cooperative Department, Commodity Board, Ministry of Agriculture, etc.
Total Systems Level
Government Cooperative Development Agencies e.g. Divisional Cooperative Offices, Agricultural Service Centres, etc.
Sub-systems Level (Focal System e.g. fmcs - members and socio-economic activities)
Cooperative Movement's Cooperative Development Agencies e.g. Secondary Unions (Divisional Cooperative Councils)
Total Systems Level
Cooperative Movement's Cooperative Development Agencies, e.g. Apex Cooperative Organisations
Whole Systems Level

Fig. 3.2. Simplified Model of State Cooperative System in e.g. Anambara State.

The main task of the empirical study is to identify the major objective of this system and, using this, to identify the boundaries of the whole system and the structural configuration of agencies and relationships. Secondly, the study will present the organisational analysis of the fmcs´ (the focal system) with the help of the social system concepts presented in Figure 3.1. The insights gained can help in identifying the constraints in the cooperative organisations under study. Also, the social systems concept of fmcs´ indicates the criteria that will form the background for evaluating performances of fmcs´ (see Chapter eight). This will provide a guide in the normative part of this thesis (Chapters nine to eleven) to how the present cooperative system of a state government area in the ECS can be redesigned.

3.5. Methods of Empirical Investigation of Cooperatives, and Data Collection

The descriptive nature of this study, the problem definition and the type of data needed have all influenced the choice of field research approach to be employed during the empirical investigation. Generally, Scoth (1965) discusses two major approaches in the field study of organisations, namely the sustained participation approach and the transitory approach. Sustained participation is a ´participation observation´(1) approach, in which the researcher stays a considerable time in the field to acquaint himself with the phenomena under study. In the transitory approach, the researcher spends a very short time on field investigation and generally seeks information through questionnaires to limited groups for the purpose of testing his hypothesis. In my field investigation, no such test is is contemplated: in the transitory approach, the researcher only formulates questions and interviews people in order to gather information about their attitudes. The information is used to seek relationships among variables that can be employed to stimulate cooperative development.

For my purposes, the transitory approach alone is not enough because the definition of an organisation with respect to cooperative development has implications for the physical characteristics of a society, the biological elements, and the general socio-political situation of an area. In the field investigation of an area, all these elements must be investigated in order to understand the actual relationships necessary for the efficient functioning of economic organisations such as cooperatives.

Research develops on the basis of the knowledge previously accumulated on an area. In cooperative development in the ECS, there was no basic knowledge, no previous studies on which to base the present work. My interest during the empirical investigation was to study in detail what is happening in these cooperative systems and to generate as much information as possible on different aspects of them. Referring to Scoth again, this strategy may be viewed as the ´sustained participation´ approach.

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1. See Diesing, P.: Patterns of Discovery in the Social Sciences, London 1972

Finally, these considerations of study design, problem definition and type of data have influenced the aim of the empirical investigation. This will be presented below, and the techniques involved in data collection will be discussed later.

The Aim of the Empirical Investigation

Generally, the aim of the empirical investigation is to create fundamental knowledge of the socio-economic activities of the primary farmers' multi-purpose cooperatives in the East Central States. Specifically, the field study carried out in the ECS aimed at gathering data which will be used:

1. to identify the objectives and strategies of cooperative development in the two state government areas (Chapter four)

2. to describe the cooperative system of a state government area in the ECS on the basis of the objectives identified (Chapter four)

3. to describe the nature of interrelationships between them and the government agencies promoting them (Chapter four)

4. to describe the organisational structure of farmers' multi-purpose agricultural cooperatives in the ECS at primary level (Chapters five and six)

5. to identify the constraints in the cooperative systems investigated (Chapter seven)

6. to gain knowledge on how to evaluate the performances of the fmcs' studied (Chapter eight)

7. to gain empirical knowledge of the cooperative concept.

3.5.1. Available Data

The available data exploited during the field studies consist of the secondary data recorded in the government cooperative departments, and those held by the secretaries of the various cooperative societies. However, it is intended to concentrate on observation of the cooperatives in their local settings and the influence of the structural systems on them, in order to gather information not available in the cooperative departments.

3.5.2. Major Organisational Design Variables to be Observed

With respect to the aim, stated in Chapter one, of designing a new cooperative system for the ECS, my basic interest during the design of the empirical investigation is concentrated on three major organisational design components which could influence the efficiency of a cooperative organisation in an economic environment.These are:

- the task system of the cooperative (i.e. external operational environment)

- the technology employed by the cooperative

- the internal organisational systems of the cooperative in question.

These three major variables were generated with respect to basic assumptions in this chapter that an agricultural cooperative organisation can be viewed as a social system. I assume here also that for a cooperative organisation to operate efficiently, it must have an appropriate organisational structure that is adjustable to these variables.

The task system, which is located in the social system or environment, was operationally defined as those organisations or institutions of immediate importance for the survival of cooperatives in their economic environment, e.g. customers, other cooperatives, open markets, competitors and so on. The concept of 'domain consensus' (Thompson, 1967) is employed to describe and understand the present degree of interrelationships among the above elements of the task system of farmers' multi-purpose organisations in the economic environment. What is expected is that either the primary cooperatives exert influence over their task environment or, where they cannot do so, adopt appropriate organisational structure to adapt to that environment, if they are to survive economically in it. These basic conceptions can guide observation during empirical investigation. Secondly, they can enable us to describe the external environment of the cooperatives as homogenous or heterogenous, or to classify them as stable, changing, etc.

Coming now to the technological variable, considerable interest was devoted to observing the extent of technological development in agricultural production and marketing in the ECS. Technology is defined as the state-of-the-art in the society, and technological development here relates to the extent to which the farmers' cooperatives have adapted to the general level in the ECS. We shall use the general ECS level as a basis for assessing the situation of the farmers' cooperatives studied, regardless of whether this level is considered as high or low.

At the individual level, the nature of the technical task of an organisation determines the nature of the technology employed. In the case of agricultural cooperatives, the major tasks are production services to members' individual economies, and marketing services. Thus the regional structure of an agricultural cooperative is a part of its technological structure.

Two major elements of technology were studied: the degree of mechanisation, and the flexibility. By degree of mechanisation is meant the number of machines and the amount of local labour employed by a cooperative organisation, what transformations the raw products undergo before sale, how products are transported for sale, how much office equipment a cooperative has, etc. Concerning flexibility, consideration was given to the number of technically possible ways of doing certain work, to variations in productive activities, to different types of crops cultivated, to channels of distribution available and to help rendered by experts.

The last organisational variable studied is the internal organisational systems of selected farmers' multi-purpose cooperatives in the local government areas. Here the major components of the internal organisational system are the administrative systems (i.e. the management committees in the cooperatives) and the group structure in the farmers' cooperatives (i.e. their individual occupations, their organisational relationships and the overall size of membership).

3.5.3. Methods of Empirical Investigation

The methods of empirical investigation employed in this study are: study of documentary material, observation, and formal and informal interviews. The study of secondary material took place in the government cooperative offices and in the houses of cooperative secretaries/presidents. Observations were carried out in offices visited, in farmers' families, open market places, etc. I also attended general meetings of some cooperative societies when invited by government district cooperative officers. Spending between six and seven hours daily during working days in the divisional cooperative offices studied gave the opportunity of listening when the cooperators came in to settle disputes, lay complaints or make other demands of the cooperative officers. In this way, the cooperative knowledge of the government cooperative officers was studied through occasional questions put to them. These activities are aspects of participant observation.

3.5.4. Variables Really Observed

Attention was paid primarily to the membership structures in the cooperatives and the types of economic projects organised, which are the basic elements of a cooperative. The level of solidarity as shown by attendance at monthly general meetings was also investigated. Other areas were financial accounts, material incentives from the government to cooperatives, loans, procurement of input resources, etc. A summary of the real activities carried out during the investigation in the ECS is given in detail in Appendix two.

3.6. The Empirical Investigations

The first investigation was conducted during six weeks between December 1980 and January 1981, when field investigation centred on the ECS strategy for agricultural cooperative development - what in the literature is termed the macro-policy level of cooperative development. Of chief interest were the objectives and the nature of interrelationships among the institutions organised for the promotion of agricultural cooperative development. I also studied the cooperative departments, the commodity boards, the apex organisations and cooperative-related banks, e.g. the cooperative Bank of Eastern Nigeria and the present Agricultural and Cooperative Bank owned by the Federal Government. The study covered the activities of four primary farmers' multi-purpose cooperatives. A total of 39 key informants were interviewed.

The second investigation - from August to October, 1981 - concentrated on the activities of primary multi-purpose cooperatives

It included case studies of agricultural cooperative development activities in four local government areas in the ECS (two from Anambara and two from Imo) and involved detailed study of the activities of 36 primary societies, four divisional cooperative offices, four divisional cooperative councils (secondary unions), four agricultural service centres and related government functional cooperative departments in the local government areas selected. About 36 key informants were interviewed. Some of these activities will be discussed in detail below.

Planning the Empirical Investigation

Before the empirical investigation was carried out, the literature was surveyed, observation lists and questionnaires were constructed and I decided which local government areas to study. The literature survey concentrated mostly on field studies in organisation and methods (see Scott - Handbook of Organisations), but included cooperative literature. A preliminary decision was made concerning the type of tables to be used to present the data from the empirical investigation. Some five pages of observation lists were prepared in order to guide the investigation in the ECS.

Selection of Local Government Areas and Cooperatives for Study

The ECS is organised in administrative divisions called local government areas. These contain several community council areas, which are the lowest administrative units in the states studied. The primary cooperatives in the ECS are also managed and supervised according to the above political divisions. Each local government area has a divisional cooperative office responsible for the management and supervision of cooperative development in that area.

During the planning, I considered these local government areas, the population and the villages as clusters. I found that random selection of cooperatives for study could mean missing important data, because not all cooperatives have up-to-date books of accounts, and because of the absence of some of the cooperative members in the villages. For full understanding of the multi-purpose phenomena and their detailed characteristics, therefore, one must look for the cooperatives that are currently operating with complete records. This was the only condition for selection of the cases studied.

Concerning the local government areas, because of the cost of transportation, I selected those that were not very far away from each other. I selected one noted for agriculture and one not noted for agriculture, and two that are moderately noted for agriculture and trading. The aim was to observe how agricultural cooperatives adapt in these environments. However, the requirement was that each have up-to-date books. I abandoned one local government area in Imo because most if not all its primary cooperatives had not submitted accounts for four years.

3.6.1. Collection of Data

After my arrival in the ECS, preliminary investigation in Ihiala Local Government area showed that it was most fruitful to study the

documentary material and the individual files of the primary cooperatives in detail in the local government area Divisional Cooperative Offices before starting on interviews and observations.

The reason was that members of the cooperative societies in these areas are heterogenous in occupation. They live in different parts of the two States or the country at large, and come home occasionally. This is sometimes also so for the officers and key committee members who can be interviewed in order to generate information about their societies. A research student who depends only on interviews and observations as the major source of information could suffer heavy casualties in data collection due to this unexpected dispersion of cooperative members in the regions for economic purposes.

Each primary society has a file in the Divisional Cooperative Offices containing very detailed information about all the activities of the respective cooperatives concerned. These reports are written by cooperative inspectors responsible for supervision of the zone where the cooperatives are located. Each society has a government cooperative inspector assigned to it. He must be invited to all meetings, both general and committee. He prepares and audits the books of the primary cooperatives and also the records kept in the Divisional Cooperative Office. The cooperative inspectors also write monthly reports on the cooperatives in their zones.

As well as these inspectors' reports, other documents available in the files of the societies in the Divisional Cooperative Offices give information about cooperatives' operational activities. Some of these documents are:

1. An economic survey made by the Divisional Cooperative Office of each society and village of location before registration.
2. Registraion forms of societies
3. Auditors'reports and recommendations
4. Inspectors' monthly or quarterly progress reports on societies inspected
5. Loan application forms filled in by a society
6. Loan application forms filled in by a cooperative inspector. This is one of the most comprehensive documents, needed by the cooperative apex financial organisations in the state capitals before approval of loans to primary socieies
7. Monthly general meeting reports by an inspector
8. Cooperative officers' touring reports from both the local government area and state cooperative departments, etc.
9. Occasional correspondence between the cooperatives and promotion institutions.

Operationally speaking, I obtained permission from the District Cooperative Officers to study eight files of societies whose accounts were up-to-date. I read in detail the documents listed above in the individual files of the societies and, from information collected, constructed additional questionnaires to supplement my original ones.

I also prepared an additional observation list. After studying the eight files, I obtained the file of the District Cooperative Council. This is the only local government area secondary organisation to which all the cooperatives in the area belong. It is managed by the District Cooperative Officer, who is the highest officer in the Divisional Cooperative Office.

I next arranged interviews with the DCO and the cooperative inspectors responsible for the areas where the cooperatives studied are located. I then arranged to visit the cooperative societies and to observe their activities, and to interview either the chairman, secretary or any other committee member. When we met, they were usually quite impressed that I already knew so much about their cooperatives!

The above method proved to be the most appropriate way of studying the third component of a cooperative organisation, its internal organisational system, which I was also interested in. This documentary approach was the key to the important discoveries I made about cooperative phenomena, as we shall read in coming chapters.

As said above, I undertook a more detailed study of cooperative societies in the community council areas for illustrative presentation of the concept of multi-purpose cooperative in its area of location. So there will be full detailed presentation of cooperative activities in the four local government areas studied, and also four illustrative presentations of individual cooperative organisations in four community council areas of the local government areas studied. This gives in practice detailed studies of agricultural cooperation in four community council areas during the investigation.

3.6.2. Reliability of the Data Collected

According to Diesing (1972), the question of reliability in holistic studies of this nature will depend on the amount of researcher-generated evidence which represents the essential sources for understanding the phenomenon studied. However such evidence must be true (dependable) in some sense, and this creates the problem of assessing the validity of evidence collected. In this situation, the researcher is concerned with contextual validity. He has to assess the evidence generated in the context of other evidence.

This can be done in two ways. One can either assess evidence by comparing it with other evidence to see whether there is agreement at some points, or he can evaluate the source of his evidence by collecting other kinds of evidence about that source.

In this study, available documentary information held by the government cooperative departments and the cooperative movement was investigated and cross-checked by interviewing key informants at both government cooperative agencies and cooperative movement agencies. Members of the cooperative movement were also interviewed using the information collected from their files in the cooperative departments.

The observations made also provide a check on the level of reliability of the data collected. The observations further cross-checked evidence obtained from the documentary information collected from the cooperative departments and the movement. Moreover, my familiarity with local conditions and farming problems in the ECS can also reflect the level of validity of the data collected, since I was born there and I own a farm there. I speak the language, and this helped me to establish good rapport during the interviews. For these reasons, we can assume that the data collected are reliable.

3.6.3. Lessons from the Field Study and Observations

Major problems encountered during the field study in the ECS were difficulties in getting complete information about the socio-economic activities of the farmers' cooperatives, in finding the location of the cooperatives in the villages, in arranging interviews with the officials of the primary cooperatives and their members; some inconsistencies in the recording of secondary data in some cooperative departments, suspicion from some government officials, and telecommunication problems.

Sometimes, detailed information about business transactions between cooperatives and their members is not kept. Thus for example, it was difficult to know how many hectares of land were cultivated by a farmer, how many kilos were produced, and how the products were marketed.

The cooperatives studied were those that had up-to-date books of accounts. This criterion meant that they were scattered in the community council areas, making it difficult to locate them and to arrange interviews with their members. Lacking recourse to the telephone, several visits to the houses of a cooperative secretary or chairman were needed to arrange an interview. I once travelled 50 km six times before I could arrange an interview with the president of a cooperative in one local government area in Imo State. Such trips were expensive.

There were also problems of inconsistency in the recording of information in some Divisional Cooperative Offices, which entailed moore time rearranging the data before arranging for interviews. The absence of photocopiers meant that there was a lot of writing to do. Suspicious officials in some government offices expressed their unwillingness to release some files requested by giving me some weak excuses. Finally, the telecomunication problems made the field research very expensive. The cost of transportation is high in the villages because only very few public transport vehicles are willing to drive there, and then only at special prices.

Such were the major difficulties encountered during the field study.

3.7. Data Limitation

It is not usual for ECS farmers to keep accounts of their business activities. The farmers follow other business activities closely related to farming. The exchange of products for services is hardly recorded at all, nor are those consumed for subsistence. Cooperative

farmers submit their accounts to the Divisional Cooperative Inspectors, who prepare the final accounts and submit them to the cooperative departments in the regional capitals. Thus, quantitative data are limited, and the analysis in this study will not rely entirely on this.

The foregoing also means that the researcher's personal observations were very important as relevant data, since they made it possible to evaluate the physical activities of the cooperatives in relation to events in the business environment of their areas and with reference to their competitors.

3.8. Method of Presentation of Data

Holistic studies of organisations always entail problems of data presentation and analysis, because a researcher is always encouraged to leave no stone unturned, especially in studies such as this with a strong background in sociological approaches to organisational research. It is always demanded that such studies must be comprehensive in data presentation in order to give a true picture of the real-world situation of the phenomena studied.

Consequently, I have decided to present my data as follows:

- Cooperative development at state level with respect to goals and strategies (Chapter four)
- Cooperative socio-economic activities at local government and village level (Chapters five and six)
- Constraints in the systems studied (Chapter seven)
- Evaluation of the performances of the primary fmcs' investigated (Chapter eight)
- The problems of transition (Chapter nine)
- A new cooperative system for the ECS (Chapter ten)
- Summary of the findings in the research project (Chapter eleven).

3.9. A Comparative Review of the Methodology of Previous Research on Cooperative development

Generally, the types of problem discussed in this research are related to those discussed by Dülfer (1974) Laidlaw (1973), Hannel (1974), Apthorpe (1972) and, finally, Hannel and Müller (1974). With respect to methodology, the work of Hannel and Müller is related to my project, and I should like to use their work for a very brief comparative review of the methodology employed here. The areas of relationship with this study are in terms of the organisational analysis approach, preparation for empirical investigation (i.e. design of theoretical conceptions), etc. I shall compare Hannel's and Müller's study with the approach employed here.

Differences and Similarities in Research Approaches

Hannel and Müller conceptualized a cooperative as a goal-oriented socio-technical system which can be further divided into structural and functional sub-systems. In this study, a cooperative is conceptualized as a social system. The reason why Hanel and Müller viewed cooperatives as socio-technical systems is because they were interested in evaluating basic interests and sentiments of all participants in a cooperative. In the case of the ECS where no-one knows what is happening in the cooperatives, our interest is first to understand the functional roles in the society before designing methods for evaluation. Hence, the application of social systems views is appropriate here. It is however important to mention that the two views are complementary: both see organisational problems as located at managerial, technical and institutional levels of responsibility. Those interested in a fuller account are referred to Parsons (1956), Thompson (1967), Silverman (1974) and Miller and Rice (1967).

CHAPTER FOUR - AGRICULTURAL COOPERATIVES IN THE ECS

The Goals and Related Institutions in Cooperative Development in the ECS (Strategy - Structural Development)

4.1. Introduction

This chapter will describe the goals of the cooperative systems of Imo and Anambara States, and on the basis of these goals will describe the functions and behaviours of the component parts of the systems in achieving them. The purpose of this is to isolate the boundaries of the systems under study - the first step in the application of systems methodology as discussed in Chapter three.

The cooperative system of a state government area comprises two major participants: the government and the cooperative movement. Each has organisations and agencies which jointly form the cooperative system, so each has separate cooperative development goals. To isolate the boundary of the cooperative system of a state government area, we shall find a common goal representing the interests of both major participants, and, with this as a guide, trace the elements and components that make up this boundary. This approach can help us understand the strategies and levels of structural development in the ECS cooperative system.

The role of each of the two main participants in cooperative development, their goals and the actions taken to achieve them will be described first. Using this information, I shall present an overview of the structural model and relationships of the basic elements and components of the cooperative system of a state government area in the ECS. This will be followed by information on the distribution of cooperatives in the ECS.

4.1.1. Questions to be Answered in this Chapter

1. What are the cooperative goals of Imo and Anambara cooperative systems?

2. What action has been taken to achieve these goals?

3. What are the functions of the systems' components in achieving their goals? At what levels are they located?

4. What are the differences and similarities between Imo and Anambara cooperative systems?

5. What conclusions can be drawn from the study of the cooperative systems in the ECS?

4.2. Cooperative Development in the ECS: The Role of the Government

As stated briefly in Chapter one, cooperative development in Nigeria

was initiated by the Government. When cooperative development activities in Nigeria were regionalized in 1951, each of the then three regional governments - the Northern, Western and Eastern governments - took responsibility for cooperative development. In 1967, the then Eastern Region was divided into three states: East Central, Rivers and Cross River States, and the ECS Government took over the responsibility. In 1976 the ECS was further divided into Anambara and Imo States. The government of each of these states now plays leading roles in cooperative development activities.

In the ECS Cooperative Annual Report, 1974-75, one can read:

> "While the headquarters was chiefly concerned with the formulation of policy and the overall development and management of cooperative societies, it was the duty of its officials in the various Divisional Cooperative Offices to execute the Ministry's policies in their areas. The Divisional Offices were also saddled with the task of organising and reactivating and rehabilitating inactive societies, consolidating existing cooperative societies and identifying potential areas for cooperative development."

From this we can affirm that the role of the government in cooperative development is to formulate policies and to manage the patterns of interaction among the cooperatives participating in the system.

My explanation for this active government involvement is its leading role in financing major cooperative development projects, as witnessed by the funds allocated in earlier development plans. The ECS government's financial allocations for cooperative development in the second National Development Plan (1970-1974) were as follows (1):

1970 - 71	25,000
1971 - 72	25,000
1972 - 73	25,000
1973 - 74	100,000

In the third National Development Plan, 1975 - 1980, the government's progressive capital allocation was:

ECS	1975 - 76	N 1,700,000
Anambara State	1976 - 77	2,550,000
"	1977 - 78	3.400,000
"	1978 - 79	4,250,000
"	1979 - 80	5,100,000

During this period (1979), the Anambara State primary societies generated a capital fund of N 2,351,399 from shares and savings, which is insignificant in relation to cooperative development needs.

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1. see Osakwa, H.N.: Cooperatives in the past Development Plans and their Projected Role in the 4th National Development Plan: A Case Study of Anambara State: Nigerian Journal of Cooperative Studies (1980)

In addition to the economic needs of the cooperative societies, their deficiency in human resources also motivates government involvement.

4.2.1. Government Goals for Cooperative Development in the ECS

The official goals of the two state governments in the ECS have not changed from those formulated in 1974 when the Ministry of Cooperatives was created to manage cooperative development. At that time, Imo and Anambara were one state. My interviews with key officials in the cooperative departments of the two states reflected the official views expressed in the annual report of 1974 - 1975:

1. "The process of rationalization of Government services led to the creation of the Ministry of Cooperatives in April 1974 from the Cooperative Division of the former Ministry of Trade and Transport. The principal motive for the creation of the Ministry was to ensure the development of economically viable and technically efficient cooperative societies.

2. "The Ministry has been structured in such a way as to assist cooperative societies to be development/business oriented. To this end, the Ministry has projected in this financial year, the establishment of new cooperative societies to engage in Marketing and Distribution, Agricultural Production, Insurance and Banking, Food Processing and Transportation, etc.

3. "Hitherto, cooperative societies were established to cater principally for the needs of members. While not neglecting the private interests of members, the new policy of our cooperative organisation is the formation of societies geared towards general economic and social development of the community. Such societies are multi-purpose in nature and have sustained economic activities in developed and developing countries of the world. Therefore, the Eastern Nigeria Cooperative Societies Law and Rules, Cap. 28 of the revised Laws of Eastern Nigeria, 1963, is being amended to give effect to the modern trend in cooperative organisation (ECS - Ministry of Cooperatives, 1974 - 75)."

It is clear from this extract that the major goal of the cooperative systems of the two states under study is to promote viable and efficient multi-purpose cooperatives for promoting diversified socio-economic activities in these states.

4.3. Government Agricultural Cooperative Development Strategy

Government agricultural cooperative development strategy is based on the farmers' multi-purpose cooperative society. There are certain conditions in Nigeria which motivated the choice of fmcs'. Speaking at the first All-Nigeria Cooperative Seminar (1962), Mr. S.N.Okpi, the then Registrar of Cooperatives for the Eastern Nigerian Government, urged strongly the introduction of multi-purpose cooperatives on the grounds that:

(a) in Nigeria, the masses were already grouped in villages with social and political entities waiting to be channeled into dynamic agencies for rural transformation,

(b) with the level of education already reached in the country, it was easy to find competent secretaries and committees to carry out allied functions of multi-purpose cooperatives,

(c) multi-purpose cooperatives would benefit from existing co-operatives, indigenous and modern, and

(d) the new organisation would serve as a medium for mass education.

As we shall see in Chapter seven when discussing the constraints on the cooperative system in the ECS, some of Okpi's assumptions are disproved by empirical observations. The situation in the smaller villages where cooperatives are organised is not quite adequate for the organisation or promotion of such advanced multi-purpose organisational structures. This is due to the absence of basic infrastructure, to conflicts among villagers, to lack of educated men interested in cooperatives, lack of adaptation to traditional market demands, etc. Much is taken for granted when it comes to African villages.

Another generally-accepted agrument for the present fmcs' policy is that they are organised to provide necessary services also to non-farmers such as artisans, tailors, carpenters, fishermen, who are living in the villages and whose economies are interwoven with the farmers'. Consequently, through the medium of the fmcs, farmers and others in the village communities have to be in touch for all or most of their socio-economic needs (1). Ijere (1977) writes,

> "Multi-purpose cooperative societies embrace two or more functions and are organised on the basis of a village unit, drawing their members from farmers and others engaged in related occupations".

Because of these second-level assumptions, the fmcs' perform functions other than farming, and the members are not necessarily farmers. This is a misinterpretation of the multi-purpose concept, and it could be a constraint on the fmcs', as will be seen in Chapter seven.

Finally, the ECS choice of fmcs' could be motivated by the search for an organisational structure that is flexible, and also by the influence of the F.A.O. and other development bodies who have recommended the multi-purpose approach (see Ijere, 1974). The approach has already proved successful in some countries.

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1. see Orji, Ogunumba, etc.: Report of the Research Committee on Farmers' multi-purpose Cooperative Societies, in Anambara State, 1976 - 77.

In summary, the ECS strategy of fmcs' is oriented to using these cooperatives in solving both agricultural and non-agricultural problems. Consequently, members may be farmers as well as non-farmers.

4.3.1. Government Action to Promote Efficient Fmcs' in the ECS

The major action of the Government in the promotion of fmcs' in the ECS is the creation of state-controlled cooperative development agencies and the promulgation of the Cooperative Law of Eastern Nigeria. The functions of some of the cooperative agencies are briefly presented below.

4.3.2. The Functions of State-controlled Cooperative Development Agencies

(a) The Cooperative Department

The cooperative department is responsible for the management and control of the cooperative system of a state government area in the ECS. It also grants supervised agricultural credits to farmers and gives other material help. The department is headed by the Registrar of Cooperatives, through whom cooperative law is enforced. The cooperative departments are located in the state capitals.

(b) The Divisional Cooperative Offices (DCO)

The interests of the cooperative department are maintained in the local areas by Divisional Cooperative Offices. The major functions of these are to manage and supervise the activities of the secondary unions and primary societies in the local government and community areas. DCOs are headed by district cooperative officers.

(c) Other cooperative development functional agencies are the agricultural service centres, the cooperative colleges at Enugu (Anambara) and Orlu (Imo), the commodity boards, etc.

The above are some of the major government measures for the promotion of efficient fmcs'. These measures reveal the extent of government involvement and interest in cooperative development.

4.4. The Cooperative Movement and its Role in Cooperative Development

The major role of the cooperative movement in the agricultural cooperative system of each of the state government areas of the ECS is also related to the promotion of efficient fmcs'. It is through the primary fmcs that members of the cooperative movement can achieve the common goals that have prompted them to join.

To promote efficient fmcs', the cooperative movement has established cooperative organisations at three major levels (fig 4.1.). These levels are:

- primary fmcs', operating at community council area and at small village levels

- secondary unions, operating at local government level

- apex cooperative organisations, at state level.

4.4.1. The Functions of Primary Farmers' Multi-purpose Cooperative Societies

In the cooperative law of the ECS, a primary cooperative means a registered society of individuals as members. To acquire legal status, a primary society must consist of at least ten individuals who are over sixteen years of age and who must be resident in the area where the cooperative is registered.

The chief function of the primary cooperative is to render members the basic services needed in their productive activities, e.g. agricultural credit, crop storage, marketing, etc. Primary cooperatives also provide the basic capital needed to establish both secondary and apex organisations, since they form the basic membership of these organisations.

4.4.2. The Functions of the Secondary Unions

Secondary unions in the ECS are generally known as Divisional Cooperative Councils. Only primary societies in the local government area where a secondary union is located are eligible as members. The membership fee in most cases is N 200. The major functions of these councils in relation to the primary societies are to market the latter's agricultural products, and to integrate other cooperative development activities. Also, they distribute essential commodities such as rice, milk, fish, etc, to members.

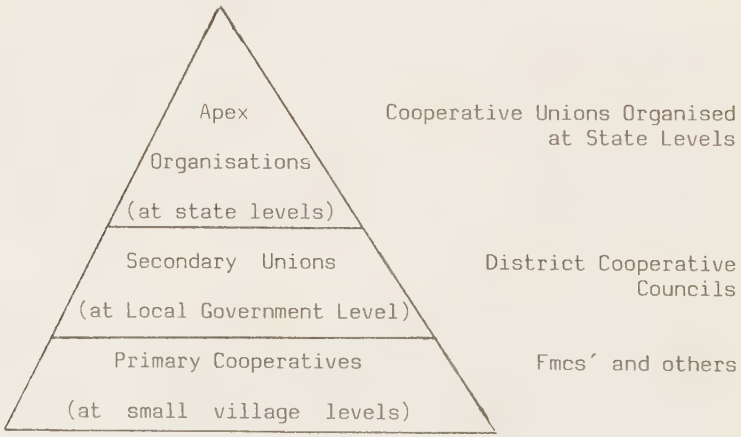

Fig. 4.1.

4.4.3. The Functions of the Apex Cooperative Organisations in the Promotion of Efficient Fmcs'

The major functions of the Apex organisations for the fmcs' are to help them solve the common problems that face them at state levels, and to negotiate their relationship with the government. During my investigations, there were four types of apex organisation in Imo State. These were the cooperative wholesale and consumers' association, the cooperative produce marketing association, the cooperative financing associaion and the Cooperative Union. In Anambara State there were only three, the cooperative wholesale association and the cooperative produce marketing association having been combined to form Anambara Cooperative Wholesale and Consumers' Association Limited. The functions of these organisations vis-a-vis the fmcs' in the ECS are presented briefly below.

4.4.3.1. The Cooperative Wholesale Association

The Cooperative Wholesale Association was established to help distribution of consumer goods, marketing of agricultural products, food processing and exportation of cash crops for its members. It also acts as a government agency for the distribution of essential commodities at controlled prices in order to curb inflation. It distributes its products to primary cooperative members through deposits in the major towns and local government headquarters. Its activities in the local areas are represented by the district cooperative councils. During the 1977/1978 business period in Anambara State, the CWA distributed consumer products valued at N 6 million to its 500 members. In Imo State during 1978/79 the value of goods distributed was N 2 million.

4.4.3.2. The Cooperative Produce Marketing Association

The Cooperative Produce Marketing Association was established primarily for the storage and marketing of agricultural products, especially for export, e.g. palm produce, cocoa, etc. It is a licensed buying agent for both the palm produce and the cocoa commodity boards. Its membership consists of those fmcs' and other primary cooperatives that deal in cash crops. It also grants loans to its members. During the 1978/79 business year in Imo State it had 51 members with an accumulated capital of N 60,000. It handled 891 tons of cocoa and 3,956 tons of palm kernel.

4.4.3.3. The Cooperative Financing Association

The Cooperative Financing Association is an apex organisation concerned with mobilising funds and granting credits to the primary cooperatives that are its members. It attracts outside loans - especially from the Cooperative Bank of the ECS and the Nigerian Agricultural and Cooperative Bank - for the purpose of on-lending to primary cooperatives. During 1978/79 in Anambara it had a membership of 564 and issued loans totalling N 984,000. In Imo State during the same period it issued a total of N 2 million in loans to 299 cooperatives in 24 local government areas.

4.4.3.4. The Cooperative Union

Each state government area in the ECS has a cooperative union. This is the central organisation for all types of cooperative organisation in a state government area - primary societies, secondary unions and apex organisations. Its major function is to represent a state government area's cooperative movement in national and international matters. Another of its major functions is to organise the cooperative education of the movement. It explores ways of integrating certain activities of the cooperative movement, such as the organisation of bookshops, printing, etc. It is a member of the International Cooperative Alliance (ICA).

4.5. Overview of the Structural Model of the Cooperative System of a State Government Area in the ECS: (Boundary Systems Isolation)

Figure 4.2. below presents an overview of the boundary system under study and its basic elements and components. This enables us to understand their patterns of relationships. The Figure shows both the government's and the cooperative movements' cooperative agencies already discussed: these agencies are located at the three major ECS systems levels. The functions of the elements and components shown in the figure are related to the promotion of primary cooperatives at community council level, and it is this that is the common goal of both the government and the movement since, as we saw when discussing the roles of the two major participants in cooperative development, it represents the interests of both parties. This common goal can also be viewed as the intended goal of cooperative development in the ECS.

We have so far concentrated on the whole and the total systems levels (i.e. state and local government levels). The sub-systems level (community council and smaller villages) will be discussed in the next two chapters.

It is important to mention here two major observable organisational problems noticed during my investigation in the ECS: inconsistencies in communication lines and in the location of functional agencies. It can be seen from Figure 4.2., below, that there are no cooperative development agencies at community council level, their configuration being concentrated at local government level. This could entail communication problems between members in the smaller villages and agencies at local government area level.

Secondly, the location of the divisional cooperative councils (secondary unions) in local government areas is questionable. Experience gained during the empirical investigation revealed that there are no functional differences between the government divisional cooperative office and the divisional cooperative council owned by the cooperative movement. This is because the government divisional cooperative officer is manager of both the government DCO and the cooperative movement DCC. This could give rise to goal conflict between the two agencies. Since according to government policy the DCO manages and coordinates the activities of the primary cooperatives in the local areas, the DCC has no functional relevance in the cooperative movement. These problems are discussed in detail in Chapter seven.

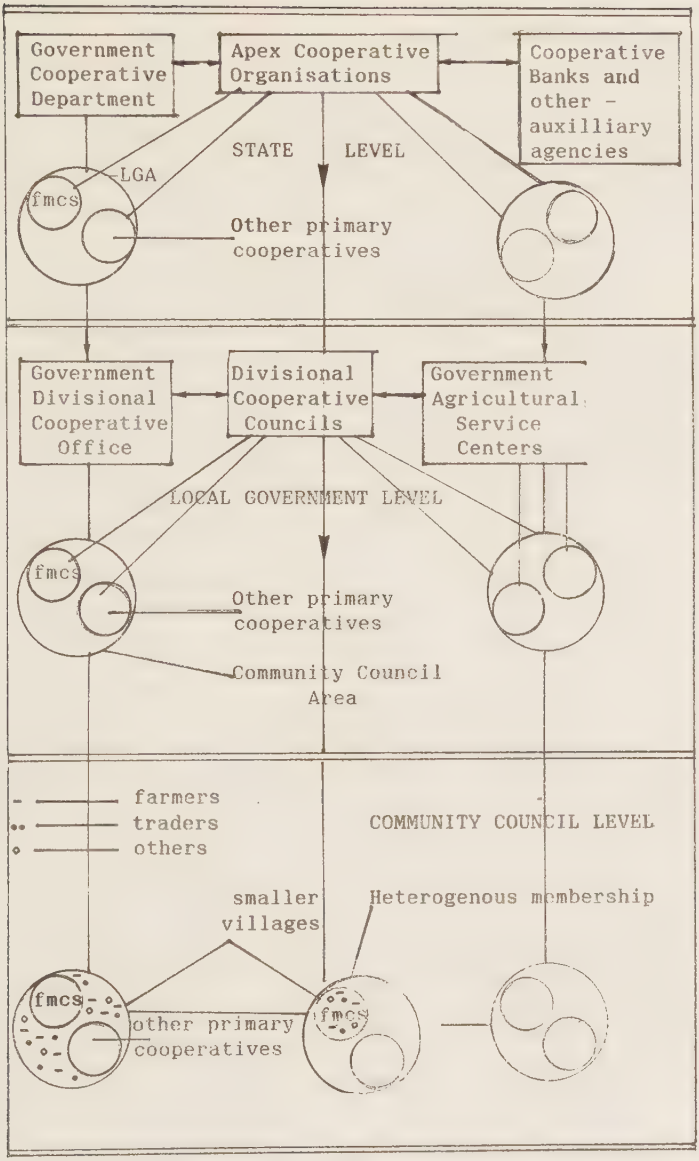

Figure 4.2. An Overview of the Cooperative System of a State Government Area in ECS. Major Elements and Components.

4.6. Distribution of Primary Cooperatives in the ECS

Primary cooperatives are distributed throughout the ECS. In both Anambara and Imo States they are grouped and managed according to the local government areas where they are located. Anambara State has 23 local government areas and Imo 29. Table 4.1a below summarises the types of primary societies in the two States, and more detail is given in Chapters five and six. To simplify the discussion, I shall consider each State separately.

Table 4.1. : Types of Cooperative in Anambara and Imo States, 1978/79

Anambara State			Imo State		
Type of Co-operative	No.	%	Type of Co-operative	No.	%
FMCS	771	76.3	FMCS	732	60.49
MCS	73	7.2	MCS	128	10.58
CC	15	1.5	CC	26	2.14
PM	6	0.6	PM	4	0.33
Credit	49	4.9	Credit	181	14.96
Others	60	5.9	Others	139	11.49
Totals	1017	100		1210	100

FMCS - Farmers' Multi-purpose Cooperative Societies
MCS - Multi-purpose Cooperatives
CC - Consumer Cooperatives
PM - Produce Marketing Cooperatives
Credit - Credit Cooperatives

Source: State Government Cooperative Departments of Anambara and Imo, 1978/79.

4.6.1. The Distribution of Primary Societies and Membership in Imo State

4.6.1.1. Distribution of Primary Societies in Imo State

Together with other multi-purpose cooperatives, the fmcs' make up about 71% of all primary cooperatives in Imo. The only difference between these two is that the fmcs have agriculture as one of their economic functions while the mcs do not. The conceptual definition - involvement in diversified socio-economic functions - is the same for

both. The explanation for the preponderance of fmcs' and mcs' will be given later.

An important observation in both Imo and Anambara is that the presence of fmcs' and mcs' in an area can give basic information about its level of socio-economic development. Predominance of fmcs' indicates a farming (developing) area and if mcs' dominate the area may be a major commercial centre (developed area). In moderately developed areas there may be a balance. Also, in some areas where the "Others" dominate, it means that the credit cooperatives during the investigation were gradually re-registering as fmcs' and mcs' following government encouragement of these forms.

This relation between type of cooperative and level of development was found to hold for all major commercial centres in Imo (and in Anambara) except Owerri and Orlu. The reason for the exceptions could be that some cooperative inspectors use the label fmcs for all types of multi-purpose cooperatives. My explanation for these observations is that the level of development in an area influences the diversification behaviour of cooperative societies. This will be explained in more detail.

Fmcs' and mcs' dominate not because of their success in Imo (or the ECS at large), but because they are the results of the influence of the Imo government's coooperative policy on the private cooperative initiative of those interested in forming cooperatives.

As we saw from the Annual Report quoted in 4.2. above, the degree of centralisation is very high. If the government plays the role of manager, policy formulator and controller, then cooperative members can be seen as operatives in an organisational system. Cooperative inspectors attend all meetings of primary cooeratives to make sure the rules are being followed. So in these circumstances, cooperative initiative will tend to follow government development policy or strategy. Cooperative options include choice of type of cooperative, patterns of formulation of goals and objectives, choice of strategies, operative mechanisms, reactions to competitive pressures, etc. From the perspective of contingency theory (Thompson, 1967), the government management policy can be viewed as coordination by standardisation or rules and regulations. It applies where there is a pooled interdependence of resources among organisational elements and components. In reality, there is a pooled interdependent relationship between the primary cooperatives, the divisional cooperative councils and the government divisional cooperative offices in the local areas (see Fig. 4.1. above). Communicaion lines are maintained by the supervisory work of the government cooperative inspectors in the divisional cooperative councils.

In my view, this standardisation of rules and regulations can have positive consequences during organisational change, but negative consequences during normal business, since it can inhibit innovation by members in response to environmental constraints. Further, government influence can explain features of the behaviour of primary cooperatives in the Imo system, and also other aspects of the system. To direct the initiative of the cooperative movement in line with its policy, the government employs propaganda media and incen-

tive strategies. In the Annual Report (1974 - 75), the Ministry of Cooperatives (ECS) wrote:

> "During the Financial Year under review, the following topics were relayed among others through the East Central State Broadcasting Service Network:-
>
> (a) Object of farmers' multi-purpose cooperatives.
>
> (b) Cooperation as a business enterprise..."

The fact that cooperative initiative is moving towards the direction of government policy could have negative consequences for the efficiency of primary cooperatives if adequate control is not maintained. Chiefly, it could inhibit structural innovation in the primary cooperatives in response to the demands of the multifarious socio-economic environment. Most of the cooperatives studied at the primary level find adaptation, in terms of procurement of input and other necessary economic resources, very difficult just because of this inadequate innovation to adapt to major competitive pressures in the environment. This constraint will be discussed in detail in Chapter seven.

Another important observation, which can be made from Table 4.2. overleaf, is that primary cooperatives are unevenly distributed between the local government areas. The empirical investigation in four local government areas in the ECS (two in Imo and two in Anambara) showed that there were more cooperatives in those community council areas with more cooperative development agencies and with a higher level of infrastructural development. This will be seen more clearly in Chapters five and six when we examine the community council areas of the four local government areas studied.

As we shall see, the four local government area capitals of Mgbidi, Oguta, Nnewi and Ihiala, which were among the 45 community council areas observed in Oru, Oguta, Nnewi and Ihiala local government areas, had more cooperatives than other communities within their geographical areas. On the basis of the knowledge gained from these observations, I have classified the local government areas in Imo as presented in Table 4.2. Detailed tabular information will be found in Appendices 2 and 3. The local government areas with more cooperatives may also have community council areas with more cooperative development agencies and higher infrastructural development.

My explanation for this greater number of cooperatives near the capitals of the local government areas is that here there are more development institutions and government ministries. The cooperative development offices are also located here. The divisional cooperative and the agricultural service centres are the two major agencies for services to primary cooperatives, and it could be these services and their nearness to the population of the capital areas that induce the organisation of more cooperatives.

Middlemen, educated villagers and others who live in the capital areas are influenced by the development information and benefits

Anambara States (1979)

Level of Development	LGA		Primary Cooperatives		FMCS		MCS				MEMBERSHIP	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
Imo State												
Developed Areas	13	44.8	780	64.5	438	59.8	91	71.1	251	71.7	40,360	61.9
Moderately Developed Areas	7	24.1	259	21.4	166	22.7	19	14.8	74	21.1	14,123	21.7
Developing Areas	9	31	171	14.1	128	17.5	18	14.1	25	7.1	10,716	16.4
	29	100	1,210	100	732	100	128	100	350	100	65,199	100
Anambara State												
Developed Areas	12	52.2	665	65.4	507	65.8	51	49	106	73.6	46,410	64.6
Moderately Developed Areas	7	30.4	264	26	198	25.7	37	35.6	32	22.2	19.207	26.7
Developing Areas	4	17.4	88	8.6	65	8.4	16	15.4	6	4.2	7.265	10.1
	23	100	1,017	100	770	100	104	100	144	100	71,882	100

Sourse: Dept. of Cooperative Owerri, Imo and Dept. of Cooperative Enugu-Anambara.

advertised through the cooperative and agricultural service centres. They tend to organise more cooperatives in order to exploit the opportunities at their disposal. So, access to development institutions is easier in the capital areas, this arouses cooperative interest among the population and then cooperatives are organised.

The more contact the people have with the cooperative development institutions, the more they organise. Because of government incentives - loans, financial aid, reduced fertilizer prices, free seed and seedlings, etc - instead of joining existing cooperatives, people organise new ones. This enables them to get a significant share of government cooperative aid, and could explain the low membership and decreasing recruitment of a number of cooperatives in both states, while other people join to create new ones (see Chapter eight). This situation has negative consequences for the economic operation of primary cooperatives, especially in the mobilisation of economic resources needed for productive activities (i.e. low internal capitalization).

Since the areas with more developed infrastructure seem to offer more business opportunities, their primary cooperatives appear to diversify their socio-economic activities - another observation from Table 4.2. There are also more types of cooperative society in the local government areas that contain the more developed centres in Imo State, e.g. Aba, Afikpo, Owerri, Umuahia, Orlu, Nkwere, Abo-Mbaise, etc.The case of Aba, Imo's largest town and the major commercial centre, is more pronounced. Instead of fmcs, the more business-oriented multi-purpose cooperatives predominate, together with credit cooperatives and others. This is because there are business opportunities other than agriculture to exploit, and this has influenced the diversification patterns of the primary cooperatives. Hence there could be a connection between development and structural development in cooperatives.

The foregoing suggests that a certain level of development may be required in an area before a cooperative can be introduced. Thus the organisation of new cooperatives should be a selective exercise, as will be discussed in Chapter seven.

4.6.1.2. Distribution of Cooperative Membership in Imo State

It can be observed from Table 4.2. (1) that cooperative membership varies between local government areas. Two major factors account for this. I have already mentioned the influence of government incentive strategies, especilly concerning the essential commodities and productive inputs sold to members at lower prices. Smaller numbers in cooperatives could influence, to the advantage of members, the share of commodities thay can obtain.

In certain areas investigated, I found that cooperatives are sometimes used to launch community development projects which can involve a whole village grouping, or a whole community council area. Such cooperatives always have extensive membership. For example,

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1. See also Appendix 3.A.

the Ubuogwu fmcs membership of 360 includes a larger part of the village grouping, since the villagers have used it to launch certain development projects. Projects not launched in this way always have small membership. Table 4.3. shows that average membership of a primary cooperative in Imo State is 56. This is low, and could effect internal capitalization, which, in Imo, is N 2,068. The local government areas investigated in Imo are shown in Tables 4.3.a and 4.3.b.

Tabel 4.3a Average No. of Cooperatives and Membership in Lga studied compared with those not studied.

Imo State

Local Govt. Areas (Lga)	Total No. Coopera-tives	% of Coopera-tives	Avera-ge per Lga	Total Member	% per Lga	Avera-ge mem-ber per Lga	Average Member per Co-opera-
Total No 29	1,210	100	42	66,169	100	2,282	55
No.Studied 2	97	7.5	46	5,768	8.7	2,884	63
Others not Studied 27	1,119	92.5	41	60,401	91.3	2,237	54

Source: Based on information obtained from Cooperative Dept. Imo State, 1979

Table 4.3b Financial situation of cooperatives in LGA studied compared with those not studied in Imo State.

Local Govt. Area	No. of Coop-eratives	Paid up Share	Thrifts and Savings	Total Capital	% Total Capital	Average Total Capital per Coopera-tive
Total No 29	1,210	2,030,954	541.004	2,476,108	100	2,046
No.Studied 2	91	180.645	83,323	263,968	10.7	2,901
Others not Studied 27	1,119	1,850,309	457,681	2,212,139	89.3	1,977

Source: Based on information obtained from Cooperative Dept. Imo State, 1979

These general traits of primary cooperatives in Imo State will be investigated more at community council level in four local government areas in Imo and Anambara to elict the nature of the relationship between the primary cooperatives and the systems in which they are embedded. However, more extensive investigations are needed to substantiate the proposals presented above.

4.6.2. Distribution of Primary Cooperatives and Membership in Anambara State

Tables 4.2., 4.4.a and 4.4.b. give information about the situation of primary cooperatives in Anambara State. Fmcs' formed 76% of the 1017 primary cooperatives during 1978/79: together with mcs', the percentage is about 84. The reason for the dominance of multi-purpose cooperatives in Anambara is related to that given for Imo: they are moving towards the direction of government cooperative policy centred on promoting multi-purpose cooperative organisations. The predominance of multi-purpose cooperatives has affected the diminishing growth of credit and other cooperatives by taking over the functions of the latter.

Throughout the period of cooperative development in the ECS, consumer cooperatives have made no headway, and there are not detailed studies to indicate why. Here is further indication that cooperative initiative moves in the direction of government development policy. The consequences of this for the adaptive mechanisms of the primary cooperative (i.e. procurement of economic resources) have already been mentioned in the case of Imo.

Tabel 4.4a Average No. of Cooperatives and Membership in Lga studied compared with those not studied.

Anambara State

Local Govt. Areas (Lga)	Total No. Coopera-tives	% of Coopera-tives	Avera-ge per Lga	Total Member	% per Lga	Avera-ge mem-ber per Lga	Average Member per Co-opera-
Total No 23	1,019	100	44	72,882	100	3,169	72
No.Studied 2	87	8.5	44	4,126	5.7	2,063	47
Others not Studied 21	932	91.5	44	68,756	94.3	3,274	74

Source: Based on information obtained from Cooperative Dept. Anambara State, 1979

Table 4.4b Financial situation of cooperatives in LGA studied compared with those not studied in Anambara State.

Local Govt. Area	No. of Coop-eratives	Paid up Share	Thrifts and Savings	Total Capital	% Total Capital	Average Total Capital per Coopera-tive
Total No 23	1,010	1,866,702	484.694	2,351,396	100	2,308
No.Studied 2	87	103.192	20,144	123,336	5.2	1,418
Others not Studied 21	932	1,763,510	46,550	2,228,060	94,8	2,391

Source: Based on information obtained from Cooperative Dept. Anambara State, 1979

An important observation that applies in Anambara as well as in Imo is that cooperative activitis seem more diversified in the developed centres than in the administrative local government areas that are fairly diversified. The situation of Onitsha, Njikoka, Enugu and Abakaliki in Anambara State can be compared with that of Orlu, Omuania, Owerri, Okigwe, Abo-Mbaise and Afikpo, where there are more different types of cooperative society. The reason for this diversification is the high level of infrastructural development and the larger number of diversified business opportunities. So the predominance of fmcs´ is replaced by the presence of more business-oriented multi-purpose cooperatives.

The cases of Aba in Imo State and Enugu in Anambara State - the more developed an area, the more cooperatives there are - are more pronounced. This situation may affect the degree of efficiency; but further studies are needed to substantiate this proposition. Study of two local government areas comprising 25 community council areas (presented in Chapter six) indicated that infrastructural development could also be related to increased cooperative activity. The same observation was made in Imo.

However, not all categories of infrastructural development affect the behaviour of cooperatives in the same way: latent functions may exist alongside the manifest ones. Again, more investigation is needed.

The case of Ikwo (1) local government area is exceptional in Anambara State. The records show that Ikwo has 91 cooperatives, which is above the state average of 44 cooperatives per local government area. The area is noted for agriculture, especially the production of rice and cassava. Since 1970 the area has had a well-organised secondary Union, Ezzikwo Divisional Cooperative Union Ltd.(2), through which a cooperative centre with warehouse, offices, meeting hall, provision stores, etc. has been set up. At the same time a garri processing plant has been established at Omege to process the cassava products. Union members hire tractors for rice cultivation from the NORCAP Norwegian agricultural project established there. Apart from these agencies, Ikwo also has the area's government cooperative agency and agricultural service centre. The existence of all these institutions in the area could account for Ikwo's lead in the number of cooperatives in the state. Because Ikwo has remained an agricultural area, fmcs' predominate to the virtual exclusion of other types of cooperative. However, remembering that fmcs' can also include in their economic functions agricultural credit to farmers, this could be the reason for the low number of credit and other societies here.

It can also be seen from Tables 4.4.a and 4.4.b that the average number of primary cooperatives per local government area in Anambara State is 44, and average membership per cooperative is 72. The reason given for membership variation in the Imo cooperatives holds good also for Anambara.

The average capital fund and share capital of the societies are N 2,308 and N 1,418 respectively, and these figures will be used when evaluating primary cooperatives' efficiency in Chapter eight.

4.7. The Differences and Similarities between Imo and Anambara Cooperative Systems

As stated earlier, the two States have the same experience in cooperative development, and, up to the time of my investigations, still had the same cooperative policy as before their separation within the ECS. Consequently, the only differences in the two cooperative systems are those resulting from the physical environments of the cooperatives.

Concerning similarities, the cooperative policies of the two states centre on promoting primary multi-purpose cooperatives as instruments for realising the rural development goals of improving agricultural production and related socio-economic activities. The two states have identical secondary unions and apex organisations. However, during my 1980 investigation, Anambara State had only two apex cooperative organisations (the Wholesale Association and the Cooperative Financing Agency), while Imo State had four (see above). On the state side, the two states have two main agencies responsible for promotion of cooperative development: the cooperative departments and the agricultural agencies. The two states jointly own the Cooperative Bank of Eastern Nigeria, which is the major source of

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1. See Appendix 3.
2. See "Anambara Today", July/August 1976, pp. 16-21.

credit to cooperators.

The major differences between the two cooperative systems can be observed at the primary level. Generally, there are more primary societies in Imo State than in Anambara. However, the average membership per cooperative in Anambara is 72 as against 56 in Imo. This means that more people could be joining existing cooperatives in Anambara while new cooperatives could be organised in Imo. Generally, I consider the averages low, and something must be done to improve the situation.

Tables 4.4.a and 4.4.b also show that there are more credit societies in Imo than in Anambara, while Anambara has more fmcs' than Imo. The reason for this is that the Anambara fmcs' have taken over the credit functions of local credit societies. During my second investigation in Anambara I found that the credit societies were gradually changing to fmcs'. They do this by changing name and buying the bye-laws to become fmcs'. So in the future the Imo credit societies may also diminish in number.

The primary societies in the two states have low average capital, N 2,068 in Imo and N 2,312 in Anambara. This is too low in both cases, and could limit cooperatives' ability to diversify.

Consumer cooperatives have not made any progress in either state. No clear reason for this can be given at present: more investigation is needed.

4.8. Important Observations on Cooperative Development Activities in Anambara and Imo States necessary for Evaluation of Efficiency at Total Systems (Macro-Policy) Level

Summary of Observations		
OBSERVATIONS	ANAMBARA	IMO
1. Average Primary Cooperatives in a local govt. area	44	41
2. Average membership of a primary cooperative	72	56
3. Average capital fund of a primary cooperative	N 2,312.09	N 2,068.59
4. Average share capital of a primary cooperative	N 1,836.00	N 1,696.70

Table 4.5.

Membership is too low and cumulative capital also insignificant when compared with privately-owned business in the other rural sectors in the ECS. Other important observations concern the objectives of government in cooperative development, the economic activities of the

apex organisations and the government supervisory institutions. These will be discussed and analysed in Chapters seven and eight when discussing the constraints and the evaluation of efficiency in primary cooperative development.

It was also observed from the data that cooperative initiative tends to move in the direction of the government development policy of organising multi-purpose cooperatives. There were also indications that infrastructural development influences cooperatives in the more developed areas. At the same time, cooperative activities tend to be more diversified in the urban areas because there are more socio-economic opportunities for the cooperatives to exploit.

4.9. Concluding Remarks

Major goals of cooperative development in both Imo and Anambara States are centred on the promotion of efficient multi-purpose primary cooperatives to be used as the instruments for realising the stipulated socio-economic objectives of cooperative development. Both government and the cooperative movement - the two chief participants - have their own agencies for achieving these ends. The configuration of relationships between these agencies forms the cooperative system of a state government area in the ECS, while the fmcs' and other primary cooperatives are the focal organisations within it.

Very little is known about the goals and objectives of these primary fmcs', their mechanisms of operation, their relationships with the larger social environment or their internal organisational relationships. Information is needed here before we can understand their problems, so the next chapter will describe the socio-economic activities of the fmcs' in the ECS.

CHAPTER FIVE - COOPERATIVE DEVELOPMENT IN IMO STATE

Cooperative Socio-economic Activities in the Local Areas

5.1. Introduction

This chapter will describe the characteristics of the farmers' multi-purpose cooperatives in two local government areas - Oru and Oguta - in Imo State. These characteristics will be the premises for evaluating performances, for understanding the organisational constraints, and for the knowledge needed for redesigning the cooperative systems studied. The information in this chapter was collected during the field studies in the ECS.

The description of the farmers' multi-purpose cooperatives here will follow the patterns of the social systems concept discussed in Chapter three. They will include the goals of the fmcs' and the functions they perform for their members in procuring the necessary resources for the achievement of goals, decisions on how to attain formulated goals, and the integration of these cooperatives into the local environment.

The socio-economic activities of 18 fmcs' were investigated, ten in Oru and eight in Oguta. The descriptions of the organisational characteristics of these cooperatives are preceded by a general discussion of the local government areas studied and the cooperative development goals, and followed by an illustrative example of one fmcs.

5.1.1. Institutions in Oru: Conditions of Cooperative Development

The Oru Local Government Area is one of 29 administrative divisions in Imo State. Oru has a population of about 122,000 distributed in 16 community council areas. The aim of an area local government is to maintain efficient government, and it is organised in functional departments, e.g. education, finance, agriculture, works, etc. Each department is headed by an expert under the supervision of a political supervisory councillor. The councillors form the local government area legislature, the chairman of which is the highest authority in the area.

The departments initiate development proposals for the community council area and submit them for approval by the local government. Approved projects must wait for federal and state funding. If funds are not available, the projects are abandoned. The major development objective is often to improve the general infrastructure of the local government area and the well-being of the people. The role of cooperative development should then be viewed within the framework of the overall development goals in Oru.

5.1.2. Geographical Features and Natural Conditions of Oru

Oru is located on the Onitsha-Aba express road about 50 km from Onitsha, a major commercial centre in Anambara State, and about 30 km

from Owerri, the capital of Imo State. The capital of Oru Local Government Area is Mgbidi, which is developing into a commercial centre. The area lies in the equatorial rain forest zone of West Africa, with palms, rubber, coconuts, etc. Temperatures are between 18 degrees and 34 degrees C.

Oru is developed in terms of infrastructure, but most of the development agencies, e.g. cooperative offices and local ministries, are located in Mgbidi. The area has 79 elementary schools, 14 secondary schols, 5 hospitals and 6 clinics. These are unevenly distributed among the community council areas.

Road communication is developed and some areas are served with electricity.

Culturally, the population are Ibos, and the language is Igbo. Farming and trading are the main occupations. Trading in the open market centres has a strong influence on the customs of the people. Some of these open markets are open daily, and in fact Ibo weekdays got their names from the eight different market days. Economic differences in occupation give a well-pronounced socio-economic structure and differences in income.

Agriculture is one of the major economic activities. Technically speaking, all villagers are farmers since they own smallholdings where they live. The major state agricultural strategy is to help the villagers improve the productivity of their smallholdings by improving fertility. People are being trained in new farming methods through rural development projects such as Operation Feed-the-Nation, National Accelerated Food Production Programmes, utilisation of subsidised fertilizers distributed to farmers, etc. At the same time, there has been no attempt to change the present land ownership system. Most land is privately owned, some communally and the rest by the government. In the literature (1), this strategy of improving smallholdings by improving productivity is termed the "unimodal approach" to agricultural development. The opposite, that of creating units large enough for the economic use of agricultural machinery, is termed the "bimodal approach".

5.2. Cooperative Development Activities in Oru

Initiated by the government, cooperative development is at present supervised and managed by the Divisional Cooperative Office (DCO) which represents the interests of the Imo State Cooperative Department in this local government area. Lacking official documents on cooperative development in Oru before 1971, what is written here is based on information from that date until now. Also, Oru was managed by other divisional cooperative offices before the creation of the present local government areas in 1976. Some cooperatives were indeed organised in the sixties, but, rather than projecting these as the starting point of cooperative development here,I shall give

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1. Johnston, B.F.: 'Criteria for Design of Agricultural Development Strategies', Food Research Institute Studies in Agricultural Economy, Trade and Development.

this information when dealing with individual cooperatives.

I shall first discuss the aims of cooperative development in Oru, and then give a general review of the present situation of cooperative development activities. Finally, I shall describe the organisational characteristics of fmcs activities in this area. To achieve a coherent and systematic presentation, I have adopted the social system analysis approach discussed in Chapter three, starting with the conceptual definition of fmcs' in Oru.

5.2.1. Government Aims of Cooperative Development in Oru

The government aims concerning cooperative development in Oru do not differ from the official government objectives presented in Chapter four. As a general observation, the aims of cooperative development change from time to time following shifts in government policy expressed in development plans. For example, in 1971, immediately after the civil war when the major aim was food production, the major activities of the Oru DCO were rehabilitation of old cooperatives, organisation of new ones and channeling their activities towards respective government objectives.

In 1976, the objectives of the Oru cooperatives were extended to include the distribution of essential consumer commodities. This was in response to the market scarcity of consumer goods and the resulting high prices, and the cooperatives were used by the government to distribute these goods at controlled prices. The Federal Government's national supply company supplied the Imo State Cooperative Wholesale and Consumers' Association (an apex organisation) which in turn suppplied the Oru Divisional Cooperative Council, which finally sold to the public and the primary cooperative societies.

The major negative effect of this was that many false cooperatives were organised to participate in this originally lucrative operation. Now that the supply company's services have become highly inefficient, many primary societies have lost this incentive and ceased to operate.

In sum, the 1971 aims of agricultural cooperative development in Oru became transformed to improvement of food and agricultural production, and the distribution of essential commodities.

5.2.2. General Review of the Present Situation of Cooperative Development in Oru

Cooperatives are distributed in the sixteen community council areas in Oru. Table 5.1. shows that in 1979 there were 52 registered societies in Oru, 75% fmcs', 21% mcs' and 4% cts' (credit societies). The reason for the high proportion of fmcs' is that government policy is to use this particular form in the promotion of cooperative development. Therefore, most newly-formed cooperatives are fmcs', and the old ones, mainly ctcs', have changed their bye-laws and names to become fmcs'. Since fmcs' also render credit services to members, the importance, and numbers, of ctcs' are diminishing in Oru.
During my investigation in 1981, there were 56 registered societies

in Oru and five proposed but not yet registered. Thus there should be 61 cooperative societies, with a total membership of 2,626.

Average figures for Oru community councils are: primary societies, 4; membership, 47; cooperators 164, and inhabitants, about 7,600. At 1:47, the membership ratio is low, and this could have negative economic consequences. Since Oru is an agricultural area and 75% of the population are not members of the farmers' cooperatives, this low participation of villagers (who are technically farmers) needs explanation. Before doing so, however, I shall explain the reasons for variation of cooperative societies in the community council areas in Oru.

Table 5.1. Types of Registered Cooperative Society i Oru, September 1979

Type of Society	No. of registered societies	%	Total Membership	%	Shares	%	T/S	%	Total Shares & T/S	%
					N		N		N	
FMCS	39	75	2192	71	80,888	57	51,398	79	132,287	64
MCS	11	21	849	27	58,707	41	12,360	19	71,124	34
CTCS	2	4	65	2	2,765	2	1,105	2	3,870	2
TOTALS	52	100	3016	100	142,361	100	64,864	100	207,276	100

FMCS - Farmers' Multi-purpose Cooperative Societies
MCS - Multi-purpose Cooperative Societies
CTCS - Cooperative Thrifts and Credit Societies
T/S - Thrifts and Savings

Source: Divisional Cooperative Office, Oru.

The Distribution of Population in Oru

The variation in population distribution in the community council areas (see Appendix 4b) may depend on some historical factors related to the founders of different communities. Some communities take the names of their founders, who may have been rich and had many children. The location of the community council may also affect the growth of the community's population. Sometimes because of the strategic location of a community the government chooses it for launching certain rural development projects. Such activities influence the growth of population in an area.

The Distribution of Primary Cooperatives in Oru

Table 5.2. indicates that the number of primary cooperatives varies among the community council areas in Oru local government area. The

Table 5.2 . Distribution of Cooperatives & Cooperative Development Agencies According to Levels of Development in Oru: 1980

Levels of Development in Oru	Communities		Cooperatives		Cooperative Dev. Agencies		Govt.Local Ministries		Major Market Centers		Total Develp. Agencies	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Developed Areas	2	12.5	23	38	5	100	7	100	2	12.5	14	50
Moderately Developed Areas	4	25	21	34	-	-	-	-	4	25	4	14
Less Developed Areas	10	62.5	17	28	-	-	-	-	10	62.5	10	36
	16	100	61	100	5	100	7	100	16	100	28	100

Source: DCO Oru

Table 5.3. Distribution of Cooperative Membership According to Levels of Development in Oru: 1980

Levels of Development in Oru	Communities		Total Population		Cooperative		Cooperative Membership		Ratio of Cooperative Membership Expressed as % of Population
	No.	%	No.	%	No.	%	No.	%	
Developed Areas	2	12.5	37,857	31	23	38	1,099	42	3%
Moderately Developed Areas	4	25	42,372	34	21	34	810	31	2%
Less Developed Areas	10	62.5	42,623	35	17	28	718	27	2%
	16	100	122,623	100	61	100	2,627	100	2%

Source: DCO Oru

variations do not relate directly to size of population: some variation depends on the extent of cooperative infrastructural development locally, i.e. the location of cooperative development agencies. The community council areas with more cooperative development agencies have more cooperative organisations, e.g. Mgbidi has the highest number of cooperatives and Awo-Omama, the second developed area in Oru, has second place in the number of cooperatives. This direct relationship was also observed in the other local government areas studied.

Generally, development factors could perform both manifest and latent functions in cooperative development. The variables affecting cooperative development may include government local ministries, cooperative unions, cooperative departments, agricultural service centres, major market centres, etc. However, decisive could be the location of cooperative departments and agricultural service centres, since these deal with the cooperatives directly.

Because of this possible influence of infrastructural development on cooperative development, Table 5.2. classifies the community council areas into Developed, Moderately Developed and Less Developed, depending on the extent of cooperative-related development agencies located there and also on the degree of commercial trade locally. It can be observed that the developed areas have more cooperatives, and that they also have more social infrastructural agencies such as schools, hospitals, clinics, etc.

The Moderately Developed areas have no government cooperative development institutions, but have major market centres for trading and the distribution of consumer goods. These diverse socio-economic activities could also affect cooperative development. The high figures recorded for Akatta and Amiri (8 and 5 respectively) (1) may also be explained in this way.

The Less Developed areas lack cooperative development agencies or related institutions. Only one category of development is observable in the individual areas: the major market centre. In spite of this, commercial trade development is insignificant and there could be few experienced traders to initiate the organisation of cooperatives. Social infrastructural institutions such as schools, ministries, hospitals, etc, are also poorly represented, offering few educated people, especially teachers, to organise cooperatives. It should be added that most cooperatives investigated were organised by experienced traders or teachers. These factors could have contributed to the fact that there are relatively few cooperatives in these less developed areas.

Also, Table 5.4. shows that there are more types of cooperatives in Mgbidi, the capital of Oru and the region's most developed area. Of Mgbidi's 13 cooperatives, 5 are fmcs' and 8 are other types. This is a measure of the degree of socio-economic diversion in the societies, and diversion is functional for them and for higher other-society Oru

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1. See Appendix 4a and 4b, and Table 5.4.

Diversification is higher in Mgbidi because the more highly developed an area is, the more socio-economic opportunites there are, and the more diversified are cooperative activities for exploiting them (see Chapter four).

The Distribution of Cooperative Membership in Oru

Table 5.3., which is derived from the more detailed Appendix 4.b., shows that there is also variation in cooperative membership in the community council areas. This is due to several factors. The first is the situation which motivated formation of the societies in the areas concerned. Sometimes cooperatives are formed by private individuals to perform certain economic activity of paramount interest to them. Close friends and people with certain special relationships form such cooperatives, and most of these have low membership. Some cooperatives are formed as instruments of community development, e.g. Ubougwu fmcs, Awo-Omama. These always include a significant segment of the village community, and always have large membership. So a community council area with more individually-formed cooperatives of interest groups could have lower membership than an area with cooperatives organised to implement community development projects. Mgbidi has more cooperatives than Awo-Omama, but Awo-Omama has larger membership: details are given in Appendix 4.

The second factor influencing variation in cooperative membership could be the government incentive strategies in the ECS, explained in Chapter four. However, it is important to observe (Table 5.3.) that there are more cooperative members in the Developed community council areas in Oru than in the Moderately Developed and Less Developed areas. This, also, could be related to the level of development in the areas concerned.

When cooperative membership in the community council areas in Oru is compared with the total population of each community area, (Appendix 5.), only insignificant parts of the communities' population have membership in cooperative societies: only in Amaofuo does participation reach 7%, while it is less than 5% in other areas. In 1976 (1), the Federal Government adopted a policy guideline aimed at converting 25% of the Nigerian population to cooperative membership. This led to the establishment of a Federal Cooperative Department in Lagos to coordinate cooperative development in the country. This department is now closed, and the 25% target not met: only 2% of the population of Oru are cooperative members.

The factors that can be associated with this low participation of villagers are: poor informatiion about cooperative opportunities in the local areas, retarded progress of existing cooperatives, declining interest in agriculture in the ECS and general interest in distributive trade in the ECS. The general influence of these factors was observed during the field study, but it is not my intention to go into detail here.

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1. See: Anambara State of Nigeria: Department of Cooperatives, Annual Report, 1977-78

Table 5.4. Distribution of Fmcs' in Community Councils in Oru: 1980

Community Areas	FMCS	%	Total No of cooperatives	%
Awo-Ommama	9	18	10	16
Akatta	8	16	8	13
Mgbidi	5	10	13	21
Amiri	5	10	5	8
Ozara	4	8	4	7
Omuma	3	6	4	7
Akuma	3	6	3	5
Ibiasoegbe	2	4	2	3
Ohakpu	2	4	2	3
Otulu	2	4	2	3
Aji	1	2	1	2
Amagu	1	2	1	2
Amofu	1	2	1	2
Ele	1	2	1	2
Nnempi	1	2	1	2
Ubuluihejiofor	1	2	1	2
16	51	100	61	100

Source: Based on information obtained from DCO Mgbidi

5.3. Organisational Characteristics of Farmers' Multi-Purpose Cooperative Development in Oru

This section describes the organisational set-up of the fmcs' in Oru, centring on their goals, organisational structure, technology and environmental relationships. This can help us understand their real-world situation in Oru.

As observed in Table 1., fmcs' form about 75% of all cooperative societies in Oru. Together with other multi-purpose cooperatives, they form about 96%. At the same time they have about 71% of the total cooperative membership in the area - about 98% when other multi-purpose cooperatives are included. Reasons for the predominance of fmcs' in Oru and (Table 5.4.) their variation in the community councils have already been given. Since the government has chosen this cooperative pattern as the strategy for cooperative development promotion, I shall define conceptually the the existing fmcs'in Oru and the nature of their socio-economic activities.

5.3.1. Conceptual Definition of Fmcs' in Oru

An fmcs is a cooperative organisation that is registered and empowered by its Certificate of Operation from the Registrar of Cooperatives in Imo State to embark on unrestricted economic projects provided it has the necessary economic and human resources to do so. In practice, this means that fmcs' can pursue economic activities other than agriculture. Where the economic activities of a multi-purpose include agricultural projects, they are called fmcs'; where the projects they organise are not related to agriculture, they are called "multi-purpose cooperative organisations". An agricultural cooperative whose Certificate of Operation restricts it purely to agricultural activities is termed a "farmers' cooperative society", i.e. a type of multi-commodity cooperative organisation but not necessarily single-purpose.

The ECS conception of fmcs relates to the multiple projects organised rather than to Raiffeisen's diversified-services-rendered-to-members models of multi-purpose cooperatives in farming discussed in the Literature Survey, Chapter two.

5.3.2. Types of Fmcs in Oru

Three types of fmcs organisational structure emerged from my empirical investigation in Oru. On the basis of this, I have classified three types of fmcs in the areas studied.

Communal Cooperatives

In communal fmcs', members could own collective economic projects such as communal farms, poultry farms, bakeries, etc. 'Multi-purpose' relates to these member-owned projects, and the responsibility of the functional organisation (cooperative establishment) here is to promote these projects for members. In the literature of cooperative theory (Dülfer, 1974), this pattern of cooperative could be classified as workers' production cooperative - which is not really a service cooperative. Frequently, members of communal fmcs' are heterogenous in occupation and their private economic activities are not the basis for cooperation. Most cooperatives in the areas studied are of this type.

Individual Members' Promotion Cooperatives

In this type, the cooperative is organised to render various socio-economic services mainly to individual members. The basis of cooperation is promotion of the privately-owned economic projects of the members. For example, members could own privatė poultry farms while the promotion cooperative bargains for the supply of eggs, feed and other input resources. Where the members are crop producers, the cooperative could arrange for the supply of input resources such as seedlings, fertilizer, etc. In the literature, this can be viewed as the Raiffeisen concept of multi-purpose cooperative (see Dülfer).

Combined Operations Cooperatives

Combined operations cooperatives, as the term suggests, are a combin-

ation of the two forms above. Members own collective economic projects and at the same time the cooperative renders them socio-economic services according to the needs of their individually-owned projects. This is referred to in the literature (Dülfer) as the integrated organisational structure.

5.3.3. Goals and Organisational Structure of Fmcs' in Oru: Elements of the Focal System

This section describes the organisational structure of the fmcs' studied in Oru. The approach adopted is first to present the goals or objectives of the fmcs' as observed during the empirical investigation, and then the mechanisms by which they procure the necessary resources for goal-attainment, for implementation of operative decisions and for fmcs integration into the larger social system of Oru (see the conceptual definitions in Chapter three). The importance of these descriptions is that they will reveal the locations of organisational problems and constraints at the three major levels of organisational relationship in a system. These levels were described in Chapter three: they are the institutional, technical and internal organisational levels.

5.3.3.1. The Goals of Fmcs' in Oru

Oru fmcs' share almost identical formal goals, derived from Section 4 of the bye-laws of the "Farmers' Multi-purpose Cooperative Society" published by the Cooperative Union of Imo State (Nigeria) Limited, Aba. The Section reads:

"The objects of the society shall be:

a) to encourage the adoption of better farming methods and the extension of farming activities,

b) to supply members with seeds and seedlings, agricultural equipment, domestic requirements including foodstuffs, etc,.

c) to process and market to their best advantage, members' produce,

d) to encourage thrift among members and establish a fund from which members can be given loans for agricultural purposes,

e) to do any other thing to enhance the economic benefits to members."

What happens in reality is that the fmcs members buy the bye-laws and use them as a legal document for the registration of their society, adding more objectives if they wish. This approach to formulating objectives will be evaluated in Chapter seven, but it is important to mention here that it is a constraint on efficiency.

5.3.3.2. Adaptive Mechanisms for Procurement of Necessary Resources

Three major aspects of these mechanisms will be described here. The

first is membership and group structure, membership being considered here as an important resource of a cooperative. The second aspect is economic activities: financial transactions and farming activities. The third aspect concerns the financial situation of the cooperatives studied.

Membership and Group Structure

Membership is one of the most important elements of a cooperative since it is the major ground for improvement of human and financial resources. Recruitment mechanisms in the local areas are through the spread of information by the cooperative offices (see Chapter four). To improve members' skills in administrative and farming work, the government organises seminars for cooperative members, and also devises various incentive strategies to motivate members to remain in the cooperatives. These activities will be evaluated in Chapters seven and eight.

Fmcs members are not necessarily farmers. Members are admitted from all walks of life. In Oru, members are farmers, teachers, traders, civil servants, etc. The law requires that members be resident in the area of their membership registration, but in practice I observed that this is not always so. Some members register at home but live in some urban centre - Owerri, Enugu, etc - where they are fully employed in occupations other than farming. Sometimes the president, secretary and other management committee members may be away, making it difficult to hold both regular committee meetings and general, monthly, meetings. This has a bad effect on general attendance at meetings and, broadly speaking, on the education and the solidarity of members in carrying out cooperative activities collectively.

Detailed studies of the economic activities of the fmcs' show that where members are heterogeneous in occupation, they organise mostly the communal type of fmcs. This is because this type allows them the flexibility of engaging fully in their respective economic activities while retaining membership. Conversely, people who are homogeneous in occupation organise individual member's promotion cooperatives. Most of those observed started either as communal or as combined operations cooperatives. Internal conflicts, retarded growth and low returns from collective economic projects often caused members to abandon the communal and combined operations organisational structure and retain the individual member's promotion type. This type, therefore, emerges mostly as a spontaneous organisation in Oru, and continues to exist for years without further change or growth. Survival in the environment is possible because this organisational structure reduces conflict among members due to reduced interaction in the collective economic activities.

To gain deeper insight into the membership situation in the Oru fmcs', case studies of eight fmcs' were made (1). Membership was interesting chiefly because of its influence on internal capital growth and marketing services. The criterion for selection of cooper-

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1. Actually 10 cooperatives were studied but only 8 had up-to-date date Books of Account.

atives was those with up-to-date Books of Account.

The case studies showed no membership growth during the 3-year period investigated. Irrespective of the local level of development, these cooperatives functioned as closed systems. Instead of entering them, people organised new ones. The present government incentive strategy has already been mentioned as a factor influencing this static growth: another reason could be that the existing cooperatives are not making any considerable socio-economic impact among the villagers outside it. This could explain why in practice members desert the cooperatives after a while and move down to the urban areas to engage in more profitable activities, while retaining nominal membership. Table 5.5. below compares the average membership of 8 fmcs' studied in Oru with others not studied.

Table 5.5. Average Membership in 8 Cooperatives Studied in Oru Compared with Others not Studied, 1979

FMCS' IN ORU	TOTAL MEMBERS	%	AVERAGE PER COOP.
Total No. 39	2,192	100	56
No. Studied 8	654	30	82
Others not Studied 31	1,538	70	50

Source: See Table 5.1.

It can be observed that the average of the 8 cooperatives studied is higher than the cumulative average of all fmcs' in Oru and the others not studied. The reason is that the cooperatives studied include the community (fmcs) cooperative (Ubougwu) with its membership of 314. Without Ubougwu, the average of the seven others is 49, which compares well with other fmcs' in Oru.

Economic Activities of Fmcs' in Oru

The economic activities of fmcs' in Oru include raising capital resources for members, designing investment strategies, farming and food production, agricultural marketing, distribution of essential commodities, etc.

Raising Capital Resources in Fmcs'

Among the eight ccooperatives studied, capital resources were raised through entrance fees, buying of shares, thrifts savings, etc. Share capitals were observed to be too low - one cooperative with 48 members had a share capital of N 2,400.

The cooperatives studied also raise their capital by obtaining short-

term loans from the Imo State Cooperative Financing Agency. Of the 8 societies studied, 6 obtained an average loan approval of N 20,136 from this agency between 1977 and 1979. During the same period, the six cooperatives maintained an average yearly membership of 258, i.e. N 78 per member, which is insignificant for a farmer to arrange for productive inputs during the period of cultivation.

Investment Strategies in Fmcs'

The main investment strategy of the Oru fmcs' is to buy shares from the apex organisations in the state (see Chapter four) and divisional cooperative councils. Table 5.6., extracted from the accounts of Ubuogwu fmcs, gives an example of how fmcs' invest. No dividends had been paid to Ubuogwu fmcs for the past six years.

Table 5.6. Ubuogwu Fmcs, Ltd.: Statement of Investment, 1978/79

Description	Cost Price	Face Value	Interest Rate	Annual Yield
Shares in ECSCDA	100	100	-	Dividend
" ODCC Ltd	100	100	-	"
" CBEN	200	200	-	"
" CUIS	100	100	-	"
" ISCFA	50	50	-	"
" ECS Union	48	48	-	"
" ECSCWA	80	80	-	"
Warehouse Contribution	300	300	-	"

ECSCDA	ECS Cooperative Development Agency
ODCC Ltd	Oru Divisional Cooperative Council
CBEN	Cooperative Bank of Eastern Nigeria
CUIS	Cooperative Union of Imo State
ISCFA	Imo State Cooperative Financing Agency
ECS Union	ECS Cooperative Union
ECSCWA	ECS Cooperative Wholesale Association

The apex organisations' difficulties in paying dividends to primary coperatives could be related to their high administrative overheads. The organisations have highly-qualified staffs and depend heavily on external loans to finance their activities. These items can increase administrative overheads, and could affect profitablilty, thereby affecting the declaration of dividends.

Cultivation of Food and Agricultural Products

Cultivation of food and other agricultural products is another important economic activity of the Oru fmcs'. Main food crops are cassava, maize and vegetables. The three types of organisational approach to food cultivation by members (cf. section 5.3.2. above) are: individual members' promotion cooperatives, communal and combined operations.

Individual Members' Promotion Cooperative Farming Activities

Individual members' farming means that the members of an fmcs own their farm lands and cultivate and market their products individually. Where a member finds it difficult to market products, these can be sold to the cooperative organisation. However, this rarely happens in Oru. In this type of fmcs, the basis for agricultural cooperation is to raise funds from which members can obtain loans.

The divisional Cooperative Office final accounts of fmcs' show no information on these activities, but the survey of the IMSCFA, which is carried out before loans are issued to a cooperative, gives some information, as shown in the example in Table 5.7.

Table 5.7.: Okwuoji Fmcs, Ltd. Individual Farming Activities 1978

FOOD CROPS	NO. OF INDIVIDUALS	TOTAL HECTARES
Maize	32	60
Cassava	32	interplanted
Yams	32	interplanted
Total cooperative membership is 32		

Source: DCO, Mgbidi.

Communal Farming Activities of Fmcs'

Communal farming is when cooperative members engage in group farming on land which they own collectively, or have rented temporarily for the purpose of cultivation. Harvests are marketed collectively and the proceeds belong to the members.

The Combined Operations Approach

What I have termed the combined operations approach is when some cooperatives engage in both individual and communal farming activities. I observed that these cooperatives are gradually dropping their communal activities in favour of the individual approaches.

Fmcs' and Marketing of Agricultural Products

Another potentially important fmcs economic activity is the marketing of members' products. There is no organised or cooperative, collective marketing of members' products in Oru, agricultural marketing being carried out individually in the nearby markets. Products are sold as primary produce, since there is no agricultural processing.

This is a major area of concern, at least in consideration of the

macropolicy of the government in organising small agricultural industries. The absence of organised collective marketing has severe negative consequences for the primary cooperatives, especially for their creative innovative ability, and this is a hindrance to structural development within the cooperatives themselves. In summary, it is important to note that the virtual absence of agricultural marketing affects or limits our understanding of the general influence of competitive pressure (1) on the cooperatives, and of the degree of consensus between them and their competitors.

Distribution of Essential Commodities

The distribution of essential commodities to members and sometimes to the public is another major economic activity of the Oru fmcs'. The products distributed are mostly beans, dried fish, beer, etc. The main distributor is the ODCC (a secondary union). Though the ODCC also acts as agent for other manufacturing concerns in the country, the bulk of products distributed comes from the Imo State Cooperative Wholesale Association.

The Degree of Mechanisation in Oru Fmcs'

By degree of mechanisation is meant the extent to which automatic equipment such as tractors, processing machines, etc. are employed in the production and marketing of agricultural products in Oru. The degree of mechanisation is very low among the fmcs' studied, as revealed in the total assets variables in their respective balance sheet reports. The degree of technological development in agriculture is also low in the ECS.

Non-power tools are used, e.g. hoes, knives and spades. This represents the major production constraint, because only limited quantity is produced, and raw products are marketed instead of being processed into secondary products.

The Present Financial Situation of Fmcs' in Oru

Since this research is centred on describing aspects of fmcs' development i Oru, attention was naturally paid to their financial situation in order to gain knowledge of their ability to carry out their socio-economic projects. Balance sheets were studied and important variables that can be used for evaluation of performances (structural and economic) were collected and analysed. The variables are presented in Table 5.8., which contains information on 8 active fmcs' selected in Oru - active because they were the only fmcs' whose books of accounts were up-to-date.

At an annual average per cooperative of N 93, the Net Surplus is very low. Most of the cooperatives studied had not reported it for the past two years. There are some reasons for this low figure. Firstly, the cooperatives'economic transactions are minute or insignificant. This is because they concentrate most of their attention on other

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1. See Persson, L.: How Much Competition is Too Much?, Department of Business Studies, University of Stockholm, 1979.

economic activities. They are more interested in using the cooperatives to raise the capital needed in their private enterprises, so they concentrate on thrifts and savings, which are making positive increases for almost all the cooperatives.

The second reason why the net surplus appears so low is that the accounts published by the cooperative offices contain information about the communal economic activities of the cooperatives, while information about private members' activities on cooperative lines is not published.

Table 5.8. The Financial Situation of 8 Fmcs' in Oru, 1979

Entries	1979	Average
Total Membership	654	82
Share Capital	15,430	1,929
Capital Reserve	4,821	603
Members Deposits	357	45
Compulsory T/S	6,544	818
Net surplus	745	93
Shares in Secondary Unions	520	65
Shares in Apex Organisations	6,005	751
Other Investments	1,000	125
Total Investment	7,525	941
Total Assets	45,530	5,691

Source: Divisional Cooperative Office, Mgbidi.

Table 5.9. Shares of 8 Fmcs' Studied Compared with Other Fmcs' in Oru, 1979

FMCS in ORU	No.	Members	%	Average membership	Total Share Capital	%	Average Share/ coop.	Average Share/ Member
Total No.	39	2,192	100	56	80,888	100	2,074	37
No.Studied	18	654	30	82	15,430	19	1,929	23
Others	31	1,538	70	50	65,459	81	2,111	42

Source: See Table 5.1.

Apart from the net surplus discussed above, it was observed from the accounts of the fmcs' studied that membership deposits dropped from N 4,632 to N 357 between 1978 and 1979, which indicates the diminishing interest of members in investing in the cooperatives. This could also reflect their low economic performance.

Table 5.9. compares shares of the cooperatives studied with those not studied and with the cumulative average share capital of fmcs' in Oru. Capital invested in the cooperatives is insignificant compared with that of petty traders in the regions - also an indication that the importance members attach to the cooperatives could be very low.

5.3.3.3. Operative Goal-attainment Mechanisms

Operative goal-attainment mechanisms involve management decisions directed to helping the cooperatives to attain their goals. As mentioned in Chapter three, three major types of decision are made: policy, allocative and coordinative. With respect to the management of fmcs, I observed during my studies that two types of decision are of importance to them: policy and coordinative. Because of the low level of economic operations, allocative decisions are not of great importance at this level of cooperative development.

(a) Policy Decisions in Oru Fmcs'

Fmcs' in Oru are managed individually and democratically - one man, one vote - by Management Committees elected by the General Assembly. The committees of the cooperatives investigated had between nine and twelve members including about four officers: usually president, vice-president, secretary and treasurer. The committee operates for 12 months and a new one is then elected. It meets monthly to discuss the affairs of the cooperative. A decision to carry out a new project or other socio-economic action must, however, be approved by the General Assembly, which also meets once a month. It is important for the reader to note that the management is interim since the societies studied have no management offices (functional offices or cooperative establishment).

Notwithstanding the independent Management Committees, in reality the cooperatives are managed indirectly from the DCO because the law and bye-laws are strictly enforced through the supervision of the cooperative inspectors. In this situation, cooperative management is not all that flexible when we remember that the objectives set in the bye-laws are there for the cooperatives to pursue.

(b) Coordinative Decisions

As mentioned in Chapter three, coordinative decisions are operative decisions concerned with the integration of the organisation as a system. In cooperative terms, they concern how to achieve a high level of cooperation among members in order to satisfy their basic motivations for joining the societies, or how to motivate them to continue membership. These decisions are framed by the government cooperative departments, not the Management Committees. The departments employ three main strategies here: coercion, material inducements and "therapeutic" motivational measures.

Coercion involves stipulated penalties for members contravening the fmcs' bye-laws which the cooperatives use as a legal document during registration. Material inducements are offered in the form of free seedlings for cultivation, loans at low rates, monetary aid and free administrative services, subsidized fertilizer prices and participation in the distribution of essential commodities at government-controlled prices to the public. Since this incentive strategy is very important, I discuss in Chapter seven its constraints and how it can be improved.

Therapeutic measures consist of visiting the cooperatives to discuss some of their internal problems, and attempting to encourage the cooperators and mentioning future opportunities. Communications of this type can be found in the books of the cooperatives and in the correspondence with the local government area cooperative offices and those in the State capital.

5.3.3.4. Institutional Factors in the Structure of Fmcs' in Oru (Integrative Mechanisms)

My observations in the ECS indicate that the major integrative mechanisms (see Chapter three) directing the loyalties of cooperative members at both intra- and inter-organisational levels are those of compulsory contract (Parsons, 1956) and universal rules and norms. According to Parsons, compulsory contract consists of the exercise of its authority by a higher, more powerful authority. It is a combination of the institution of contract plus the relative availability of resources to the organisation and the institution of authority respectively.

In the ECS system, the relationship between the government and the cooperative movement is based on compulsory contract. However, it is here a flexible relationship in that people are free to join or leave at any time. As long as they are members, they are subject to the authority of the Government Cooperative Department since the government is the main contributor of economic resources. Thus, for the Government Cooperative Department, the exerciser of authority in the system, the freedom to join or quit cooperatives is a major limitation of the compulsory contract relationship. I see it as a major motivational problem for the Department.

Different motivational strategies have to be designed to maintain this relationship, since it cannot hold for long. At present, the compulsory contract relationship is holding not because it is sucessful but because of the extremely low mobilization of power, as economic and human resources within the cooperative movements in the ECS. The central feature of an organisation is the mobilization of power for the attainment of its goals (Parsons, 1956). Government economic power constrains the independent actions of the cooperative movement in attaining its own goals. Since the goverment is the major economic power in the cooperative system, the ECS expects the cooperative movement to be loyal to the state's cooperative departments.

It can also be observed from the objectives of the cooperatives studied that they are influenced by the economic expectations of the

society at large. The economic objectives are emphasised more than the social ones. Accumulation of wealth is very important to the people in the ECS, since it is a measure of personal success. Accordingly, cooperative members could leave if their economic goals are not fulfilled. We shall consider this further in Chapter seven.

5.3.3.5. The Components of Fmcs' in Oru and their Present Relationships

The components (see Chapter three) of fmcs' are those compatible elements (e.g. functional organisations) that are assembled to work towards the definite objective of achieving the goals of cooperative development as they apply to fmcs'. These organisations are the government divisional offices, the agricultural departments, the apex organisations and the divisional cooperative councils. I shall only discuss the divisional cooperative councils (DCC) here, since the activities of the government departments are as described in Chapter four.

(a) The Oru Divisional Cooperative Council (Secondary Union)

The Oru DCC is the only secondary society in Oru. Its membership consists of all Oru primary societies, each with a share capital of N 200. Apart from the buying of shares, the primary societies have trade deposits with the ODCC. This buys essential commodities from various cooperative apex organisations (e.g. ISWA) and other manufacturing organisations, and distributes them both to members and to the public. It represents the major interest of the primary cooperatives in matters outside the local government area. It has a ten-man board of directors with the government DCO in Mgbidi as chief executive. He was nominated by the government Registrar of Cooperatives to manage the DCC because there was no-one suitable among the cooperators.

Table 5.10. Financial Situation of Oru District Cooperative Council

Entries	1981	Average
Membership (societies)	59	-
Share Capital	5,654	96
Capital Reserve	18,803	319
Cummulative Capital	24,457	415
Membersship Deposits	14,720	250
Compulsory T/S	-	-
Total Investment	26,917	456
Total Assets	9,511	161

Source: extracted from accounts submitted to DCO, Mgbidi.

Table 5.10 presents the financial situation of the Oru DCC. The average capital per primary society is N 96, which is not enough, and which indicates the low importance the societies attach to the secondary union. Since secondary unions are not the main subject of investigation, we shall not go into further analysis here. However, it is important to mention that the chief interest of the secondary union is distribution of essential commodities. Investment figures are high because of deposits paid to manufacturing companies that have granted the union contracts as local distributors.

It could be observed that the total of assets per cooperative is low (N 161). This is because the societies have not invested significantly in mechanized farming, or processing and marketing members' agricultural products. Hence, the presence of goal displacement.

5.3.4. The Environment of Oru Fmcs'

The operational task environment of the fmcs' is made up of farmers outside the cooperatives, the middlemen who buy both from the cooperatives and from non-cooperative farmers, and the open markets which are the major outlet for agricultural produce and are also the price-determinant arena. There is no association, even loose, between these participants in the operational task environment for the purpose of marketing efficiently. Only the middlemen show permanent presence in the open markets: they are involved in retail trade and sometimes travel considerable distances to sell profitably. Farmers, cooperative and otherwise, have no permanent presence in the open markets. So, considering Thompson's concept of domain consensus, these cooperatives have yet to design appropriate strategies for environmental adaptation (see Contingency Theories, Galbriat and Nathanson, 1978).

5.3.5. An Illustrative Example: Ubougwu FMCS Ltd

This last section on Oru will describe one fmcs studied during my field work.

Ubougwu fmcs was established in 1963 in Ubougwu village in Awo-Omama. The inaugural meeting was held on 18 June, 1963, with a membership of 83. The society was registered in 1966. It is currently located at Ekeachara, Awo-Omama, about 12 km from the DCO in Mgbidi.

Awo-Omama has a population of about 25,000. The majority are Catholics. Education is developed. There are 17 primary schools, four secondary schools, two commercial schools, one agricultural service centre, two hospitals, one Catholic seminary and one post office. The area is well served with electricity, water, and road links to major urban centres in Imo and Anambara. The majority of the population are farmers and traders, some combining these activities. Others work as civil servants in the local government offices in Mgbidi. The land tenure system is flexible, land being owned both individually and communally. Farmers can also rent land where they have insufficient for cultivation.

Objectives of the Ubougwu Fmcs

The aims of the society at formation are:

1. creation of funds through payment of shares, thrifts and credits, profits from trading, and loans from the government to be on-loaned to members for the purposes of individual and collective non-speculative profitable undertakings.
2. Betterment of local conditions mainly through community cooperative efforts.
3. Partnership with the government for Rural Community Development.

The members also adopted Section four of the Imo State fmcs bye-laws as additional objectives.

Description of Economic Activities

Ubougwu is a communal-type fmcs: members own economic projects collectively. Membership at the time of my investigation was 316, drawn mostly from Ubougwu village which has a population of about 2,000. Members are compelled to buy a minimum of about N 20 shares each, and make a monthly thrift and savings payment of about N 1. The society previously owned a corn mill, a cassava grater and a printing press. At present, it owns 207 acres of oil-palm plantation, three palm-oil pressing machines, a bakery and a cooperative centre. Collective farming has been temporarily abandoned because of the high cost of local labour. Also, members have their own private economic engagements. A poultry farm was closed down because of shortage of feed. The society has some ten employees (two in the plantation, three in the palm-oil press and five in the bakery). This information is based on the interview I had with the president of the society, Chief D.N.Akuneme, a pharmacist who is also the Chairman of Imo State Cooperative Wholesale and Consumers' Association. Other information about the society was collected from the DCO, Mgbidi.

Present Financial Situation

Table 5.11.: Present Economic Situation of Ubougwu FMCS Ltd

Entries	1977	1978	1979
Total Membership	314	314	314
Share Capital	3,221	3,221	3,373
Capital Reserve	500	4,500	4,500
Membersship Deposits	6,837	2,829	-
Compulsory T/S	1,817	1,817	1,840
Net surplus	2,726	-	711
Total Investment	828	1,128	1,200
Total Assets	10,303	7,044	7,038

Table 5.11. above contains information about the financial status of Ubougwu fmcs'. It indicates that membership is stagnant in growth, and membership deposits have been withdrawn, revealing decline in interest. Net surplus has also declined, and this directly affects the declaration of members' bonuses, which are a source of motivation to continue as members.

5.3.6. Conclusions from the Study of Cooperative Development Activities in Oru

My conclusions from the foregoing descriptive analysis of cooperative development in Oru are:

1. The dominance of the fmcs form in the region is not because the cooperatives are successful, but because they are the result of government cooperative development policy. Strict adherence to this policy has prevented the cooperatives from creating adequate structural adaptation to the demands of the environment. Hence, there is low structural development in the fmcs'.

2. There is evidence that the more infrastructurally developed areas have more cooperatives.

3. Cooperative development activities were more diversified in the infrastructurally developed areas.

4. There is also evidence that membership occupation determines the type of fmcs appropriate for organisation of cooperative economic projects.

5. Generally, fmcs' adopt three types of organisational form in Oru: the communal, the individual members' promotion approach and the combined operations approach. The individual membership approach is a spontaneous organisation.

6. The present literature on fmcs' centres only on their communal activities. No information about individual members' activities is available. At the same time, the information published in the Annual Reports of the Cooperative Departments studied concerns fmcs' communal activities. This means that present theoretical knowledge about fmcs' in the ECS is incomplete.

7. The majority of the fmcs' in Oru cultivate cassava, maize, vegetables, etc, but there is no organised marketing for their produce. This could affect the efficiency of these cooperatives.

8. Finally, the poor economic position of the Oru cooperatives and the deficiency of human resources is the basic reason for the continued government intervention in cooperative development. This situation defines the type of institutional relationship between cooperatives and government, described here as the compulsory contract relationship. To maintain this relationship, the government should

design a number of motivational strategies, otherwise there could be an exodus of membership from the cooperatives since members are free to withdraw whenever they wish.

5.4 The Second Case Study in Imo State: Cooperative Development Activities in Oguta

Oguta is one of the three Districts forming the Ohaji/Egbema/Oguta Local Government Area. I decided to study it because it has its own government cooperative office for the supervision and management of the District's cooperative development. My major interest in this region is that it is purely noted for agriculture as one of the major food-producing areas in Imo State. It has a population of about 60,000. The capital of this District, Oguta, is developing into an urban centre. It is about 40 km from the Imo State capital of Owerri and 60 km from Onitsha, a major commercial town in Anambara State.

Oguta is infrastructurally well developed, with government ministries and commercial establishments. There are 37 primary schools and 9 secondary schools. At present, the major economic development activity there is to improve agriculture and fishery; here, the Federal Government has located a branch office of the Niger Basin Authority to coordinate its activities with other development agencies.

5.4.1. The Goal of Cooperative Development in Oguta

The major aim of cooperative development in Oguta is linked with those discussed in Chapter four - to promote the growth of primary societies that will help the local producers to improve production. Development is linked mostly with agricultural production and marketing since this is the chief occupation of the people here.

5.4.2. General Review of the Present Situation of Cooperative Development in Oguta

Cooperative development in Oguta is generally supervised and managed by the Oguta Divisional Cooperative Office (DCO), which has organised the cooperative development activities here into four supervision areas: Oguta, Oru, Izombe and Eziorsu. The distribution of cooperatives in these zonal areas of management and supervision is shown in Table 5.13.

As can be seen from Table 5.12., there are 47 cooperatives in Oguta, with a total membership of 3,103. This is about 5.2.% of the total population of Oguta District. Average membership is 66 per cooperative society. Since Oguta is an agricultural area, the inhabitants are expected to join so that they can solve their problems jointly.

Table 5.13. shows that Oguta, the capital of the district and the major economic centre, has the greatest number of cooperatives - just as Mgbidi in Oru. The reason for this is the presence of three major cooperative-related institutions in Oguta, namely the DCO, the agricultural services centre and the Niger River Development

Authority, which also supports cooperative development. There are also other government ministries, large open market centres and good road connections to important commercial centres in Anambara and Imo States. Consequently, infrastructural development could have some influence on the distribution of cooperatives in the community areas - see Table 5.12 (which is derived from the Tables in Appendix 7).

The situation of the moderately developed areas in Oguta can be explained using the reasons given for those in Mgbidi. These areas have no cooperative development agencies, and they have only one development agency each, which in most cases is the major open market centre. These centres vary in development. The areas with more infrastructural development mostly contain informed men who may be motivated to form cooperatives. This could account for the differences in number of cooperatives between the moderately developed areas and the less developed areas with lower infrastructural development.

Forty-six of the 47 cooperatives in Oguta District are fmcs'. Referring to the explanation given in Chapter four and in the case of Oru, we should expect more types of cooperative in Oguta, because its higher level of development should affect the diversification of cooperatives. However, this is a farming region and so most of the cooperatives are fmcs'.

I observed from files that many cooperatives in Oguta District functioned previously as cooperative thrifts and credit societies, but have re-registered as fmcs'. The reason is that the government's policy is to use fmcs' for the promotion of agricultural development in Imo. However, the government did not wish to use coercion to make these changes.In reality,non-fmcs' find it difficult to get loans from the ICFA. To get loans, most of the credit societies and former farmers' (FCS) societies in Oguta have re-registered as fmcs'.

Table 5.12. Types of Registered Cooperative Society i Oguta District, 1980

Types of societies	No. re-gistred	%	Member-ship	%	Shares	%	T/S	%	Total shares & T/S	%
FMCS	46	98	3,017	99	64,177	98	26,418	98	90,595	98
CTCS	1	2	32	1	1,395	2	562	2	1,957	2
2	47	100	3,049	100	65,572	100	26,980	100	92,552	100

Source: Divisional Cooperative Office, Oguta.

It can be seen from Table 5.13 below that, even with Eziorsu where about 61% of the population are cooperative members, the level of participation in cooperative societies is still low in Oguta District. The reason for higher participation in Eziorsu could be its extremely small population. We found such a situation in Amafuo i Oru, which had the smallest population but the highest level of participation. People could be willing to work together more in smaller groups than in larger groups.

Table 5.13. Distribution of Cooperatives and Membership in Oguta

COMMUNITY COUNCIL AREAS	POPULATION		COOPERATIVES		MEMBERSHIP	
	NO.	%	NO.	%	NO.	%
Oguta	24,006	40	24	51	1,501	48
Izombe	25,006	42	12	26	928	30
Oru	10,003	17	5	11	329	11
Eziorsu	565	1	6	12	345	11
4	59,580	100	47	100	3,103	100

Source: Divisional Cooperative Office, Oguta.

5.4.3. Organisational Characteristics of Fmcs Development in Oguta

The description here will follow that of Oru and the social systems view of organisations. However, the treatment of the organisational aspects of fmcs development will not be so detailed as in the case of Oru. This is because both areas are operating under the general policy of the Imo Cooperative Department. We shall concentrate on aspects that pertain only to Oguta.

Of the 47 cooperatives in Oguta, 46 are fmcs', with a membership of 3,071. The other is a cooperative and credit society.

5.4.3.1. Goals and Organisational Structure of Oguta Fmcs

This section describes the goals and objectives of the Oguta fmcs' and the three mechanisms for performing the activities necessary for goal attainment and survival.

The Goals of Fmcs´ in Oguta

All the 46 fmcs´ have adopted Section four of the Imo State fmcs bye-laws (see Oru). Further, some of the cooperatives stated clearly that their aims in forming fmcs´ were to solve some common problems of marketing produce efficiently, since the farmlands of Agada are far from the markets.

(a) Mechanisms for Procuring Necessary Resources

The discussion here will concentrate on membership, financial resources, farming activities and the financial situation of the fmcs´ studied.

Membership of Fmcs´ in Oguta

Seven cooperatives whose books of account were up-to-date were studied in detail in order to understand membership characteristics. As in Oru, it was difficult to find 15 cooperatives with up-to-date books. The cooperatives studied in Oguta are listed in Appendix 6.

Membership in these cooperatives was low. The seven cooperatives had an average of 56 members, and this has been compared with the average of all Oguta fmcs (67) and also the average for fmcs´ not studied (69): (see Table 5.14.).

Only one cooperative in Oguta had significantly higher membership: this is "Oguta Yam FMCS, Ltd", with a membership of 137. When it was founded in 1976, this cooperative actually had a membership of 400 yam producers drawn from 29 smaller villages in Oguta: all the members were yam planters. Because of the large membership, it was difficult for the higher authorities in the Owerri cooperative department to recommend it for registration. The reasons the Registrar gave in correspondence to the DCO were:

> "The membership of the society is large enough and the representative nature as could be seen is a double edged sword. Since it appears that some politics has already existed in the society, how can we be sure that it may not break into village societies in a very short time if the society is registered."
>
> (ref. MIT/Coop/10/234, 18/77)

In a reply the DCO wrote:

> "I do not share the view that membership of the society drawn from all the villages in the town could be regarded as a double-edged sword. It would rather be regarded as a big force that is capable of creating an appreciable impact on the people´s economy which centers on mainly yam production."
>
> (ref. OGD/Coop/47/18)

Oguta Yam is the only cooperative I came across throughout my study with an advanced organisational structure. Due to low innovative skills or vision, however, it has not flourished and membership has fallen from 400 to 137. Despite the advantages of large membership and homogeneity of occupation, management and organisational problems

prevented them from continuing.

More generally, it can be observed that cooperative societies in Oguta also function as closed systems, and membership growth is static irrespective of level of development in the area of location. I have already presented the reasons for this insignificant growth in membership when discussing the situation in Oru Local Government Area. This situation will be analysed further in Chapter eight.

Table 5.14.: Membership of Seven Fmcs' Studied in Oguta District, 1979

FMCS IN OGUTA		MEMBERSHIP	%	AVERAGE MEMBER PER COOPTV.
Total No.	46	3,071	100	67
No. Studied	7	357	12	51
Others	39	2,714	88	69

Source: DCO, Oguta.

Economic Activities of the Fmcs' in Oguta District

The economic activities of fmcs' in Oguta include raising capital for members, loans, designing investment strategies, farming and food production, marketing of agricultural produce and distribution of essential commodities. These activities are described below.

Capital Formation

The major sources of capital among the fmcs' investigated are entrance fes, share capital, thrifts and savings, members' compulsory deposits and loans. Since these activities have been discussed in the case of Oru, no further information will be given here. However, it can be observed from Table 5.15. that average loans received by fmcs' in Oguta are insufficient for them to embark on any meaningful agricultural project at a commercial level.

Members' Cooperative Farming Activities

Of the seven fmcs' investigated, five practised individual farming on cooperative lines together with other projects outside farming, two engaged in both communal and individual farming and only one in communal farming alone. The cooperators I interviewed gave me reasons why they are abandoning communal farming.

It is very difficult for cooperatives in Oguta which farm across the lake to practise communal farming. In the first place, not all the

members live permanently in Oguta. Secondly, at flood-time everyone is interested in harvesting his own crops instead of the communal ones. Waiting for the private crops to be harvested before harvesting the collective farms could result in flood damage to the latter. This and other internal conflicts have forced the majority of fmcs' in the District to abandon communal farming in favour of individual farming on cooperative lines. However, for projects other than food crop production, members do organise some projects communally. Examples are poultry and transport. Here internal conflict is less because external labour is employed, reducing daily contact between members.

Marketing of Agricultural Products

There is in Oguta District no organised collective marketing of members' produce. The only secondary cooperative organisation in Oguta is the Oguta District Cooperative Council. This only distributes essential commodities to its 47 members or affiliates. Although the Imo fmcs' objectives state that members should hand over their products to the cooperative for collective marketing, this has never been done in any of the cooperatives studied. This means that the cooperatives are losing economically since there is neither vertical nor horizontal integration of farming activities. Members market their raw agricultural products in nearby markets.

Table 5.15. Loans Received by 8 Fmcs' in Oguta District, 1977-79

Loan Approval to FMCS in Oguta (Only those studied)	Total Members	Total Amount	Average Received per Member
No. of Coop. 1977, 5	263	81,124	308
No. of Coop. 1978, 3	195	38,572	198
No. of Coop. 1979, 3	90	39,628	440
Total Received 8 1977 - 79	548	159,324	291

Source: DCO, Oguta.

Degree of Mechanisation of Fmcs' Economic Activities i Oguta

The degree of mechanisation in agricultural production in Oguta is low, as we observed in Oru, and the cooperatives employ correspondingly low technology in their farming activities. The effects of this situation have been discussed in the case of Oru.

Present Financial Situation of Fmcs' in Oguta

Table 5.16 presents information about the present financial situation

of seven cooperatives whose socio-economic activities were studied in Oguta. The important variables to be observed are the net surplus, membership deposits, compulsory thrifts/savings, investment and total assets. These reflect the growth tendencies and the nature of the economic behaviour of the cooperators (see Oru).

Net surplus is low in most of the cooperatives studied, with the exception of Alaisi in Izombe (the cooperatives studied are listed in Appendix 6). A major reason for the low level of net surplus reported could be the weakness of the cooperatives in exploiting to the full the local opportunities in agricultural production. There could also be management problems. Membership deposits are low except in Ameshi (see Table 5.22) fmcs, Oguta, where membership deposits increased by 75% between 1978 and 1979. It can also be observed that all variables in Ameshi fmcs except net surplus show positive growth tendencies. This is because this cooperative is healthy economically, so its members are willing to invest in it. Substantial success has also been achieved in poultry farming.

Although most of the fmcs' engage in farming and food production, the raising of internal credit to loan on to members is also reflected by compulsory thrifts/savings. This also reflects the interest of members in participating in cooperative development. Most cooperatives invest in secondary and apex organisations. No dividends have been reported since 1976 by any of the cooperatives studied.

Table 5.16.A. Financial Situation of Seven Fmcs' Studied in Oguta District, 1979

Entries	1979	Average
Total Membership	357	51
Share Capital	16,899	2,414
Capital Reserve	1,985	283
Members Deposits	1,219	174
Compulsory T/S	6,201	886
Net surplus	2,184	312
Shares in Secondary Unions	567	81
Shares in Apex Organisations	3,130	447
Other Investments	1,199	171
Total Investment	4,896	699
Total Assets	30,139	430

Source: District Cooperative Office, Oguta.

All the seven cooperatives presented in Table 5.16.A. above showed positive growth tendencies against Total Assets: this could be viewed as a contribution to development.

Table 5.16.B. indicates that, in general, share capital per member in the Oguta fmcs' is extremely low, i.e. a total average of N 21 in all Oguta fmcs', N 47 in the seven studied and N 16 in those not studied. These insignificant figures reveal that members could have little regard for their investment in the cooperatives.

Table 5.16.A. will be further analysed in Chapter eight together with the 1978 entries.

Table 5.16.B. Shares in 7 Fmcs' Studied in Oguta Compared with Other Oguta Fmcs', 1979

FMCS in OGUTA		Members		Avera-ge mem-bership	Total Share Capital		Average Share per Cooptv.	Average share per Member
		No.	%		Amount	%		
Total No	46	3,071	100	67	64,177	100	1,395	21
No.Studied	7	357	12	51	16,899	26	2,414	47
Others	39	2,714	88	69	47,278	74	1,212	16

Source: DCO, Oguta.

(b) Operative Goal-attainment Mechanisms

The cooperatives in Oguta, like those in the other local government areas, are managed strictly according to the stipulations of the cooperative law of Eastern Nigeria, which applies in both states studied. As in the case of Oru, management decisions can be divided into policy, allocative and coordinative decisions. Because the Oguta cooperatives are still at production level with virtually no regional organised marketing or processing activities, allocative decision is not considered important. However, policy and coordinative decisions are of great importance to the cooperatives. On this head, the discussion is the same as in the case of Oru.

(c) Institutional Structures in Fmcs Structure in Oguta (Integrative Mechanisms)

The reader is referred to the case of Oru, above. The same considerations apply in Oguta.

5.4.3.2. Components of Fmcs Development in Oguta

The major components of fmcs development in Oguta are the DCO, the Imo State apex organisations (especially the ISCFA and the ISCWA), the Imo State Cooperative Department, the District Cooperative Council and the agricultural service centre. The functions of these agencies are as discussed in the case of Oru.

5.4.4. An Illustrative Presentation of Ameshi Fmcs in Oguta

In Oguta, I concentrated on the activities of nine cooperatives (8 fmcs' and one ODCC). Ameshi is one of the viable societies in the area. It was organised in 1976 by some local farmers. At formation, membership was 20, of whom seven were elected as Management Committee. Section four of the Imo State fmcs bye-laws was adopted as general objectives and emphasis was laid on food production. Members are obliged to purchase a minimum N 40 share each, and also to pay 50k thrifts and savings every month.

Economic Activities of Ameshi Fmcs

The fmcs started with a combined operations approach, rendering services both to members collectively and to privately-owned economic projects. At the time of the empirical investigation, the society was operating only according to the communal approach, and owns only a successful poultry farm, set up in 1979. So far, the society has attracted a loan of N 20,000 from the ICFA.

Table 5.17.: Present Financial Situation of Ameshi Fmcs, 1977-79

Entries	1977	1978	1979
Membership	30	30	30
Share Capital	1,532	3,770	3,860
Capital Reserve	2	1,058	1,505
Members Deposits	2,383	600	1,050
Compulsory T/S	262	565	905
Net surplus	1,412	90	42
Total Investment	850	2,214	1,834
Total Assets	1,585	4,266	4,555

Source: Derived from accounts submitted to the DCO, Oguta.

Table 5.17 above gives information on the present financial situation of Ameshi. Although the net surplus is low, the other balance sheet variables show growth tendencies. However, membership growth is

static, which is not functional for this society. Information about Ameshi was collected from the DCO, Oguta, and from the society's secretary, Mr. P.Eneberi.

5.4.5. Conclusions from the Study of Cooperative Development Activities in Oguta

The conclusions that can be drawn from the descriptive analysis of cooperative development activities in Oguta District are:

1. The dominance of fmcs' is due to the influence of government cooperative development policy on the cooperative initiative of the people. Accordingly, the most frequently organised type of cooperative is the fmcs.

2. There are more cooperatives in the capital, Oguta, because it has higher infrastructural development than the other communities in the District. There is therefore evidence that the more an area is developed, the more cooperative activity there is.

3. Cooperative activities are not highly diversified in Oguta because the area is a purely agricultural one. This reveals that occupation in a region influences the choice of type of cooperative.

4. The present government intervention in cooperative development activities in Oguta District is due to the low economic power of the cooperatives and their deficiency in human resources. Thus, government intervention will continue as long as the cooperatives are economically weak and also deficient in human resources.

5. The majority of Oguta fmcs' cultivate yams, cassava, maize and vegetables, but there is no cooperative-organised marketing for this produce. This can influence the efficiency of the performance of the Oguta fmcs'.

5.4.6. Differences and Similarities in Cooperative Development Activities in Oru and Oguta

The two local government areas described in Imo State - Oru and Oguta District - are component parts of the Imo cooperative system. Each area has a government cooperative office (DCO) which is responsible for supervision of activities in the region. Because of this, there are no major differences between the two areas in regional administrative set-up. The primary cooperatives have the same bye-laws laying down the rules and regulations for the management of cooperative affairs. The two areas are subject to the cooperative laws of Imo State. The influence of state cooperative policy has led to the predominance of the fmcs form. Growth in cooperative membership in the two areas is static, indicating that the cooperatives function as closed systems. The two capital towns have a greater number of cooperatives than other areas, since their infrastructure is more developed. The areas produce almost identical agricultural products, but neither has organised marketing

of members' agricultural products. At the same time, the technology employed in agricultural production is at a very low level. In general, there is low capital build-up and lack of human resources for the management of the socio-economic affairs of the cooperatives studied. This is the reason why government intervention in cooperative development is extensive.

Turning to differences, Oru has a population of about 120,000 and some 60 cooperatives with 2,600 members. Cooperative development activities are distributed in 16 community council areas.

Oguta District has a total population of about 60,000 and 47 cooperatives with a total membership of 3,100. Thus about 2% of the population of Oru participate nominally in cooperative development and 5% do so in Oguta. This is because Oguta has more cooperative development agencies and a more advanced general infrastructural development than Oru. Also, it was found during the study that nominal participation in cooperative development is always higher in areas with smaller populations. I have given the reasons for this above.

Since Oguta, the capital of Oguta District, is more developed than Mgbidi, the capital of Oru, we expected cooperative development to be more diversified (i.e. to find more different types of society) in Oguta. Instead, however, 98% of all societies in Oguta are fmcs' while only 38% of Mgbidi cooperatives are fmcs'. This is because the major occupation in Oguta is farming, while in Mgbidi, it is trading and farming. (The land is more fertile for farming in Oguta.)

Average cooperative membership in Oru is 43, in Oguta District 47. Average shares in eight cooperatives studied in Oru are N 1,929 while in seven cooperatives in Oguta they are N 2,414. Average share per member in the cooperatives studied is N 23 in Oru and N 47 in Oguta. These figures suggest that Oguta cooperators could be more active than those in Oru. The reason could be that Oguta cooperatives have more homogeneous membership - most members are farmers - while in Oru, membership is more diversified in occupation. Consequently, cooperative identification could be greater in Oguta than in Oru. This, however, needs to be further investigated.

The above are some of the differences and similarities found in the study of cooperative development activities in Oru and in Oguta District in Imo State. The next chapter describes the situation in Ihiala and Nnewi in Anambara State. However, much of the foregoing discussion of conditions in Imo applies also in Anambara, so the reader may if he wishes turn immediately to Chapter seven, page 126, where the real goals and constraints in the system are examined.

CHAPTER SIX - COOPERATIVE DEVELOPMENT IN ANAMBARA STATE

Socio-Economic Activities in the Local Areas

6.1. Introduction

This chapter will present the characteristics of fmcs development in two local government areas in Anambara State. Nine LGA's were studied in each area. The descriptive approach to presenting the structure and organisation of fmcs' here will follow the pattern in Chapter five, i.e. they are presented in relation to their functional goals in the local areas. The general presentation will be followed by an illustrative example of an fmcs.

The chapter is in three parts. The first two examine cooperative development activities in Ihiala and Nnewi local government areas respectively, and the third discusses similarities and differences between the economic activities in the two areas. The chapter ends with a general conclusion. Since this chapter is related to Chapter five, less detail will be given.

6.2. Cooperative Development in Ihiala Local Government Area

Ihiala Local Government Area, which will be referred to by its initials ILGA, is one of the 24 adminstrative divisions in Anambara State. It has a population of 188,688, distributed in eleven community council areas (see Table 6.4.).

The Headquarters is located in Ihiala, on the Onitsha-Owerri road about 30 km south of Onitsha and 50 km north of Owerri. Ihiala is fast developing into a modern commercial centre and is the major economic (trade) centre in the area. It is also served by government departments, banks, etc.

Agriculture is one of the major occupations of the people here, especially those living in the riverine areas, e.g. Ihiala, Okija, Uli, Mbosi. The majority of the population combine agriculture with trading, since it is difficult to make a living from agriculture alone. Farmers do not specialise: mixed farming is practised, without tractors, only traditional tools being employed in cultivation. Yams, cocoyams, cassava, maize, plantains, citrus, vegetables, livestock, palm produce, poultry, etc, are produced.

The majority of the land is privately owned,but some communally. Land is also rented for periodic cultivation. In general, land ownership is flexible.

The important agricultural development projects in the ILGA are: education of farmers in the use of fertilizers, National Accelerated Food Production Programmes, an oil-palm nursery, a rough lemon nursery, a citrus nursery, etc. In 1980 the Agricultural Department sold 25 tonnes of fertilizer to farmers. The bulk of the fertilizer sold is imported at N 12 per 50-kg bag but sold to farmers at a

subsidized price of N 2. Ten percent of the proceeds go to the local government and 90% back to Anambara State Government.

These agricultural development strategies adopted by Anambara State Government exemplify the unimodal approach discussed in the case of Oru.

Infrastructurally, Ihiala is developed. There are 89 primary schools, 17 secondary schools, 6 commercial schools, a teacher training college, 3 hospitals, a post office, a police station, a bank and four insurance companies. The area is served with water, electricity and important road connections to major trade centres in Anambara and Imo States.

6.3. Cooperative Development Activities i the ILGA

Cooperative development in the ILGA is at present supervised by the DCO in the area capital, Ihiala. Primary cooperatives are organised at the level of the smaller villages in the community council areas within the local government area.

Although Ihiala is in Anambara State, the goals of cooperative development are not different from those of Oru and Oguta presented in Chapter five.

6.3.1. General Review of the Situation of Cooperative Development in the ILGA

At the time of my investigation, there were some 42 registered cooperative societies distributed throughout the eleven community council areas in the ILGA. Total membership was 1513. This gives an average of about 4 cooperatives and 144 members in each ILGA community counci area. In terms of membership, this is very low since the region is agricultural in occupation. The consequences of this situation were discussed in Chapter five.

Tables 6.1. to 6.5. give information on the general situation of cooperative development activities in the ILGA. Table 6.1. lists the five types of cooperative functioning in the area: fmcs', farmers' cooperatives, credit, consumer and crafts and industrial societies. Fmcs' form 62% of the total number of societies, and, together with farmers' cooperatives, about 82% of all societies in the area. As stated in Chapter four, the fmcs' are greater in number because of the impact of government cooperative development policy on the cooperative initiative of the local people.

The table in Appendix 8.A. shows the distribution of cooperatives in the ILGA community council areas, according to levels of development. As can be observed, there is a variation in the distribution of cooperatives in the communities. As was the case for Oru and Oguta in Imo State, there is here also some evidence that distribution in the ILGA is influenced by the differing levels of development.

Ihiala, the area capital and the most developed area by location of development agencies, has about 38% of all cooperative societies, while Okija and Uli, which are moderately developed, have 17% and 10%

of all societies respectively.

Table 6.1. Types of Cooperative Society in the ILGA - 1979

Types of societies	No. registred	%	Membership	%	Shares	%	T/S	%	Total shares & T/S	%
FMCS	29	69	933	62	52,478	80	18,607	86	71,085	82
FCSa	7	17	307	20	3,737	6	1,359	6	5,096	6
CTCS	4	10	247	16	3,852	6	1,702	8	5.554	6
C.C.	1	2	18	1	1,080	2	-	-	1,080	1
Cr&Ind.c	1	2	8	1	4,000	6	42	.19	4,042	5
	42	100	1,513	100	65,147	100	21,710	100	86,857	100

Source: Divisional Cooperative Office, Ihiala.

FCS - Farmers' Cooperative Societies
C.C. - Consumer and Supply Cooperatives
Cr&Ind - Crafts and Industrial Cooperatives

There is also evidence that the developed and moderately developed areas have more cooperative membership. Thus the proposition presented in Chapter four - the more infrastructural development in the area, the more cooperative development - holds for Ihiala. There is also evidence from the data collected that Ihiala has more educational institutions and hospitals than the other community councils in the ILGA. The table in Appendix 8.A. measures development by the three variables of cooperative development institutions, government development agencies and major market centres. Ihiala has more development agencies than other communities, and this is why cooperative development activities are greater here than in other ILGA communities.

Observation of the distribution of primary cooperatives in the ILGA (see Appendix 8.A.) reveals also that there are more types of cooperative in Ihiala, which is more developed than the other community council areas within the local government area.

So cooperative development is more diversified in Ihiala, and this has a positive functional influence for the society. We saw in Chapter four why there are more types of coooperative in the developed communities. Briefly, the more development there is, the

more socio-economic opportunities there are, and the more cooperative activities are diversified to exploit these opportunities. ILGA evidence supports the proposition that development affects the diversification behaviour of cooperatives in the local areas.

Considering the percentage of the population who are cooperative members, the general level of participation in cooperative development activities is very low irrespective of level of development. This may be seen from the table in Appendix 10. Only in Ubuluisiuzor does the level of participation reach 30%. The situation of Ubuluisiuzor can be compared to that of Amaofuo in Oru and Eziorzu in Oguta, which have the smallest populations in the areas but the highest participation. The possible reason for this has been given above: that the fewer people there are in a group, the more readily information can spread among them; and they can be willing to learn from each other.

6.4. Organisational Characteristics of Fmcs Development in the ILGA

As in the last chaper, this section will describe the goals and organisational structure, the technology and the environmental relationships of the fmcs' in the area.

6.4.1. Goals and Organisational Structure of ILGA Fmcs'

The goals of fmcs' here are the same as those of the Imo fmcs', so we shall present only their organisational structure. This description will be based on the three mechanisms for local-area articulation: mechanisms for procurement of necessary resources, operative goal-attainment mechanisms and integative mechanisms. These were defined in Chapter three.

6.4.1.1. Mechanisms for Procurement of Necessary Resources

Here we consider membership and economic activities (procurement of capital resources, farming and marketing activities).

(a) Membership of Fmcs'

Detailed investigation of seven fmcs' selected in the ILGA revealed that members were not necessarily farmers. They are heterogeneous in occupation and though frequently farmers, may be teachers, etc, as in Oru. This creates problems of adaptation for the cooperatives. There was also, for reasons already presented, variation in membership of the seven cooperatives studied.

Irrespective of level of development, increase in membership was also found to have been static for a period of three years, indicating that these organisations also function as closed systems. Here, too, members tended to disperse to other places, pursuing other economic activities. Generally, membership of the cooperatives studied is low. Table 6.2. compares membership in the seven cooperatives studied with that in cooperatives not studied.

Average membership in these seven is higher than the total averages of all fmcs' in the ILGA, and of those not studied. It is also higher

than the cumulative average of all types of cooperative in the ILGA, which is 36. The reason is that these cooperatives include community cooperatives as explained in Chapter four.

Table 6.2. Average Membership in Fmcs' Studied as Compared with Others Not Studied

FMCS IN ILGA	COOPERATIVES		MEMBERS		AVERAGE MEMBER PER FMCS
	NO	%	NO	%	
Total No.	29	100	933	100	32
No. Studied	7	24	336	36	48
Others	22	76	597	64	27

Source: see Table 6.1.

(b) Economic Activities of Fmcs' in the ILGA

As in Oru and Oguta, the major economic activities of fmcs' in the ILGA include raising of capital resources for members, designing investment strategies, cultivation of food crops and distribution of essential commodities. These activities involve procurement of economic resources and, following Parsons (see Chapter three), we can view them as adaptive mechanisms. They will be discussed only briefly here, since the situation is similar to that in Oru and Oguta.

Investment Strategies of Fmcs' in the ILGA

The major strategy is to buy shares from any of the cooperative apex organisations in the state, e.g. Anambara Cooperative Financing Agency (ACFA), Anambara Cooperative Wholesale Association (ACWA), the Cooperative Bank of Eastern Nigeria (CBEN), Ihiala Divisional Cooperative Council (IDCC), etc. It is rare for shares to be bought from economic organisations other than cooperative ones. According to my observations, no dividends from the apex organisations and secondary unions had been paid to the investing primary cooperatives at least for the past six years. Moreover, the shares that are bought by the primary cooperatives are insignificant.

Cultivation of Food Crops

Cultivation of food crops is the major economic activity of cooperatives studied here. Cassava, maize, yams and vegetables are the main crops. Although the cooperatives are empowered by their Certificate of Registration to organise other economic projects, such projects are rare, since it is difficult to obtain loans. The only loan approaval I found was short-term loans (12 months) for cultivation of food crops. Farmers' cooperatives are organised both

on communal and individual members' cooperative lines.

Marketing of Agricultural Products in the ILGA

There is no organised cooperative marketing of members' produce. Except where fmcs' are operating on a communal basis, each member markets his own. Processing into secondary food products is virtually absent, the crops being sold raw in the nearby open markets. None of the cooperatives studied are involved in retail distribution of food crops in the open markets. This must be a very difficult situation for the cooperatives since most cooperative members are fully employed in other sectors of the economy. These marketing problems therefore have their roots in the nature of the groups forming the cooperative organisations, and the absence of cooperative marketing must be recognised as a major economic constraint on the cooperatives here.

Distribution of Essential Commodities

Essential commodity distribution was initiated by the government but is almost abandoned at present.

(c) The Financial Situation of Fmcs' in the ILGA

Complete accounts of the nine cooperatives studied in the ILGA from 1977 to 1980 or from 1976 to 1979 consecutively were unobtainable. For this reason, an otherwise very useful observation and analysis of the trend of the ILGA cooperatives' financial situation was impossible. However, the 1978/79 accounts of seven societies were obtained and detailed analysis of these is undertaken in Chapter eight. Tables 6.3. and 6.4. present the variables from the 1979 accounts.

Table 6.3. Share Capital of 7 ILGA Fmcs'Studied, Compared with Other ILGA Fmcs'- 1979

FMCS in ILGA	Cooperatives		Member		Average member per Cpt.	Share Capital		Average Share/	Average share
	No.	%	No.	%		Amount	%		
Total No	29	100	933	100	32	52,478	100	1809	57
No.Studied	7	24	336	36	48	10,997	21	1571	33
Others	22	76	597	64	27	41,481	79	1886	70

Source: see Table 6.1 above.

Table 6.4. Financial Situation of 7 ILGA Fmcs' - 1979

Entries	1979	Average
Total Membership	336	48
Share Capital	10,997	1.571
Capital Reserve	4.330	619
Members Deposits	822	117
Compulsory T/S	5,215	745
Net surplus	4,433	633
Shares in Secondary Unions	1,252	179
Shares in Apex Organisations	3,203	458
Total Investment	4,455	636
Total Assets	29,164	4,166

Source: derived from the Financial Accounts of Cooperative Societies in the DCO, Ihiala.

Table 6.3. indicates that average share capital is very low. The average share capital per cooperative studied is N 1571 and per member is N 33. This is insignificant, and the importance members attach to their investments may be small. Even the cumulative average per member of ILGA fmcs' (N 57) and that of cooperatives not studied (N 70) are considered low. It is important to take note of the variables here, in anticipation of the detailed analysis in Chapter eight.

6.4.1.2. Operative Goal-attainment Mechanisms

Management of fmcs' in the ILGA is the same as in Oru and Oguta, policy decisions being made by Management Committees. At present the cooperatives have no organised cooperative establishment to operate their economic activities, so allocative decisions are not very important. However, coordinative decisions are made partly by the State Cooperative Departments and partly by the Management Committees. Coordination is very low in the cooperatives studied, which may explain why some members are unwilling to sell their products through the cooperative, or else move down to the cities and

and other areas to pursue economic activities. We shall discuss in Chapters nine and ten how to improve this situation.

6.4.1.3. Institutional Factors in the Structures of Fmcs' in the ILGA (Integrative Mechanisms)

The reader is referred to Section 5.3.3.4., p. 89, since the local governments in the ILGA are under the same environmental influence as in Oru.

6.4.2. The Components of Fmcs Development in the ILGA

The major components of fmcs development in Ihiala are the DCO, Ihiala Divisional Cooperative Council (secondary union), the agricultural service centre and the apex organisations. Table 6.5. below presents the financial situation of the secondary union. At N 227, average share capital per cooperative is too low.

Table 6.5. Financial Situation of Ihiala IDCC, 1981

Entries		Average per Cooperative
Total Membership (Cooperatives)	42	
Share Capital	N 9,518	N 227
Capital Reserve	N 2,999	N 71
Members' Deposits	N 144	N 3
Compulsory T/S	-	-
Net Surplus	N 74	N 2
Investments	N 1,250	N 30
Total Assets	N10,999	N 262

Source: extracted from accounts prepared for the Cooperatives in DCO, Ihiala.

6.5. An Illustrative Example: Anyijiofor Fmcs, Ihiala

Anyijiofor is located in Oseakwa, a small village on the banks of the Ulasi River in Ihiala Community Council Area. The society is located about 8 km from the DCO and the major economic centres of Nkwo-Ogbe. Ihiala consists of about 29 village units and its population is about 55,000. The major occupation is farming and trading. Infrastructure is developed.

The objectives of the society are derived from Section four of the bye-laws of fmcs' in Anambara State. The major economic activities of

the 24 members are rice, cassava and yam farming. The society also loans money to members in order to improve their private farms. The major sources of funds are registration of fees, selling of shares, thrift/saving, loans from credit organisations, etc. The society was granted a loan of N 4,000 from ACFA in 1981. Initially, the combined operations approach was adopted, but the society is now operating as an individual members' promotion cooperative.

6.5.1. Present Financial Situation

Table 6.5. shows the present financial situation of the Anjijiofor fmcs. Investment has been growing, although there was a decline in 1980. The investment strategy here is to buy shares from the apex and secondary organisations. The books show that no dividends have been paid on shares bought.

One cannot understand why the cooperatives are only investing in the apex organisations, since they do not sell their products through these. It is economically unreasonable for primary cooperatives to be investing in apex organisations that are not economically rewarding, and the cooperatives must find alternative investment strategies, especially in the local areas.

Table 6.6. Present Financial Situation of Anyjiofor Fmcs, 1979-1980

Entries	1977	1978	1979	1980
Membership	24	24	24	24
Share Capital	764	750	812	888
Capital Reserve	94	105	164	192
Member Deposits	-	-	-	-
Compulsory Thrifts/ Savings	274	307	368	492
Net Surplus	10	59	28	-
Investments	566	666	1,025	1,021
Total Assets	578	555	171	375

Source:

Anyijiofor has a low net surplus. The reason is that the members are currently engaged in cooperative credit activities. There is no collective marketing of members' produce, so business activities between the members and the society are negligible. The small gain from credit activities is saved, and this is why the capital reserve, and also the thrifts and savings, continue to grow. There are no membership deposits. This reveals that interest in collective investment is low. This lack of interest persists because of the low

net surplus recorded by the society.

6.5.2. The Present Management of Anyijiofor Fmcs

The cooperative has a Management Committee of eight members. This includes the president and the vice president, the secretary and the treasurer. They meet every Nkwo Sunday in the month to discuss the affairs of the cooperative before the next Saturday when the general meeting is held.

6.6. Conclusions from the Study of Cooperative Development in the ILGA

The study of cooperative development in the ILGA showed some evidence that:

1. The fmcs' were greater in number than other cooperative societies. This situation, as we have discussed, is influenced by government cooperative policy. So, increase in fmcs' will be followed by reduction in the importance of other types of society in the ILGA.

2. Ihiala, the Area capital, has more cooperative societies than the other community council areas in the local government area because it has more cooperative and other development agencies. So there is evidence here that the level of structural development influences the level of cooperative development in an area.

3. Ihiala also has more types of society than the other community council areas because it is the most developed area, with more diversified socio-economic opportunities to be exploited. It is the existence of these opportunities that has led to the organisation of more types of cooperative. Here is evidence that level of infrastructural development influences the fmcs' diversification behaviour.

4. There was also evidence from the study of the ILGA that membership occupation influences the choice of adaptable pattern or type of fmcs. Cooperative farmers first of all choose the combined operations type, but later on they abandon the communal projects commonly owned and then continue with the individual members' type on cooperative lines.
   This could be the appropriate organisational pattern for the ECS, since it has emerged spontaneously.

5. It was found that average membership per cooperative society was higher in the developed areas. Membership of cooperatives was low, and the level of participation in the communities was also considered insignificant. Average share capital was also low. There was no organised cooperative marketing of members' produce. These deficiencies could be responsible for the inefficient performances of the cooperatives studied, which generally recorded low net surpluses.

6.7. The Second Study in Anambara: Cooperative Development in Nnewi Local Government Area

I shall now present aspects of cooperative development in Nnewi Local Government Area (NLGA). The data here is based on the activities of nine cooperative organisations observed and studied in the area. It is the last Area to be studied and the most difficult due to transportation problems and incomplete books in the DCO. However, reasonable information was also collected which can throw some light on the problems being investigated.

Like the ILGA, the NLGA is one of the 24 Areas in Anambara State. The population of about 181,870 is distributed among the Area's 14 community council areas. Trading is an important occupation here and people combine it with agriculture. Agricultural development strategies follow the unimodal approach as in the ILGA, and the chief agricultural products are the same.

6.7.1. Cooperative Development in the NLGA

Cooperative development in the NLGA, as in the other local government areas studied, is managed and supervised by the Divisional Cooperative Office in Nnewi, the area capital. The cooperatives are organised in smaller villages and function as individual economic units. They have the same development goals as in Oru, Oguta and the ILGA.

6.7.2. General Review of the Present Situation of Cooperative Development in the NLGA

During the period of my investigation, it was found that there were in the NLGA 42 registered cooperatives with a total membership of 2,911. There were also 32 proposed cooperative societies - that is, functioning but not yet registered - with a total membership of 1,455. This gives a total of 74 cooperatives (both registered and unregistered) with a cumulative membership of 4,366 in the Area. The cooperatives are distributed in the Area's 14 community councils. Summaries of the present situation of cooperative development in the NLGA are presented in Tables 6.6., 6.7. and 6.8. below. Before going further, after presenting the general situation, I shall concentrate on the registered societies - which were the main object of the empirical study. However, reference will be made to the proposed societies also.

Table 6.6. presents a summary of the types of registered society. There are 28 fmcs'. The other types comprise four farmers' cooperative societies (FCS), two industrial societies, one consumer cooperative, one credit society and three others. Tables 6.7. and 6.8. give information on the distribution of cooperatives and membership in the Area's 14 community council areas.

Table 6.7. Types of Cooperative Society in the NLGA, 1977/78

TYPES OF SOCIETY	REGISTERED		MEMBERSHIP		SHARES		T/C		TOTAL SHARES & T/S	
	No.	%	No.	%	Amount	%	Amount	%	Amount	%
FMCS	28	67	1,745	60	28,600	66	11,570	99	40,170	73
OTHERS	14	33	1,166	40	14,852	34	73	1	14,925	27
	42	100	2,911	100	43,452	100	11,643	100	55,095	100

Source: DCO Nnewi.

Table 6.7. indicates variation in the distribution of cooperatives throughout the community areas in the NLGA, as was the case in the three areas already presented. The area capital, Nnewi, has about 45% of all registered cooperatives and about 44% of all proposed ones. The reason for the greater number in Nnewi is that it has the most cooperative development agencies, and is also the most infrastructurally developed community in the Area. So there is substantial evidence in the NLGA, as elsewhere, that infrastructural development influences cooperative development: the more developed an area is, the more cooperative development activities there are in the area. Also, fmcs' dominate, as can be seen from Tables 6.6. and 6.7., because of the influence of government cooperative development policy on the cooperative initiative of the people.

The information presented in Table 6.8. overleaf reveals that there are more different types of cooperative society in Nnewi, which is the most infrastructurally developed community in the NLGA. This is because there are more diversified socio-economic activities in the developed areas. Thus diversified cooperative types are organised to exploit these opportunities, again indicating that infrastructural development could influence the diversification behaviour of cooperatives.

Cooperative development activities in the NLGA are also concentrated in Nnewi. Eight community council areas (i.e. 57%) have one cooperative society each, while Ichi has none. This means that information about cooperative development could be generally lacking

Table 6.8 : Distribution of Types of Cooperatives (both Registered and Proposed) in NLGA 1979

COMMUNITY COUNCIL AREAS	TOTAL NO. OF REGISTERED SOCIETIES		FMCS		OTHERS		PROPOSED SOCIETIES		FMCS		OTHERS		TOTALS: REGISTERED AND PROPOSED SOCIETIES	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
Nnewi	19	45	11	39	8	57	14	44	13	43	1	50	33	44
Ozubulu	6	14	5	18	1	7	4	12	4	13	–	–	10	13
Ekwulumili	4	9	2	7	2	14	–	–	–	–	–	–	4	5
Ukpor	3	7	3	11	–	–	2	6	2	6	–	–	5	7
Akwaihedi	2	5	–	–	2	14	–	–	–	–	–	–	2	3
Ezinifite	1	2	–	–	1	7	1	3	1	3	–	–	2	3
Ebenator	1	2	1	3	–	–	1	3	1	3	–	–	2	3
Azigbo	1	2	1	3	–	–	1	–	–	–	–	–	1	1
Amichi	1	2	1	3	–	–	–	3	1	3	–	–	2	3
Osumenyi	1	2	1	3	–	–	1	–	–	–	–	–	1	1
Unubi	1	2	1	3	–	–	–	3	1	3	–	–	2	3
Utuh	1	2	1	3	–	–	–	–	–	–	–	–	1	1
Orifite	1	2	1	3	–	–	5	16	4	13	1	50	16	8
Ichi	–	–	–	–	–	–	3	9	3	10	–	–	3	4
14	42	100	28	100	14	100	32	100	30	100	2	100	74	100

Sourse: Divisional Cooperative Office, Nnewi.

COMMUNITY COUNCIL AREAS	TOTAL MEMBERSHIP IN REGISTERED COOPTVS		MEMBERSHIP IN FMCS		MEMBERSHIP IN OTHERS		MEMBERSHIP IN PROPOSED COOPERATIVES		MEMBERSHIP PROPOSED IN FMCS		MEMBERSHIP IN OTHER PROPOSED COOPERATIVES		TOTALS MEMBERSHIP REGISTERED AND PROPOSED COOPERATIVES	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
Nnewi	1,382	47	604	35	778	68	468	32	453	33	15	13	1,850	42
Ozubulu	436	15	407	23	29	2	332	23	332	25	–	–	768	18
Ekwulumili	161	5	97	6	64	5	–	–	–	–	–	–	161	4
Ukpor	152	5	152	9	–	–	155	10	155	12	–	–	307	7
Akwaihedi	163	6	–	–	163	14	–	–	–	–	–	–	163	4
Ezinifite	132	4	–	–	132	11	–	–	–	–	–	–	132	3
Ebenator	23	1	23	1	–	–	15	1	15	1	–	–	38	1
Azigbo	168	6	168	10	–	–	–	–	–	–	–	–	168	4
Amichi	35	1	35	2	–	–	31	2	31	2	–	–	66	1
Osumenyi	120	4	120	7	–	–	–	–	–	–	–	–	120	3
Unubi	23	1	23	1	–	–	46	3	41	3	–	–	64	1
Utuh	56	2	56	3	–	–	–	–	–	–	–	–	56	1
Orifite	60	2	60	3	–	–	329	23	224	17	105	87	389	9
Ichi	–	–	–	–	–	–	84	6	84	6	–	–	84	2
14	2,911	100	1,745	100	1,166	100	1,455	100	1,335	100	120	100	4,366	100

Sourse: Divisional Cooperative Office, Nnewi

outside the capital. More investigation is needed here.

Table 6.9. presents cumulative membership in both registered and proposed societies in Nnewi. The average is 69 per registered cooperative, 59 for both registered and proposed. The major factor affecting the distribution of membership among the cooperatives could be the nature of the cooperative (i.e. community fmcs or individual members') and also the influence of government incentive strategies. These were discussed above. Note that, although Ichi has no registered society, three have been proposed.

The tables in Appendices 9.A. and 9.B. show the distribution of registered cooperatives and members by level of development. Again, there are more cooperatives in the developed areas. There is an average of five cooperatives in the Moderately Developed areas and an average of one in the Less Developed, revealing that there are more cooperative development activities in the Moderately Developed areas than in the Less Developed areas.

6.8. Organisational Characteristics of Fmcs Development in the NLGA

Tables 6.7. and 6.9. showed that there are 28 registered fmcs' with a membership of 1745 and 30 proposed fmcs' with a membership of 1,335. There is a total membership of 4,366 in both registered and proposed fmcs' in the NLGA. However, we have to concentrate here on the registered cooperatives. There is an average of two of these in each of the community council areas, and in a community council area with an average population of 19,766 there are about 123 cooperators. This indicates that only an insignificant proportion of the communities are interested in cooperative development activities. Participation is low.

6.8.1. Objectives of Fmcs' in the NLGA

The objectives of fmcs' in the NLGA are the same as those discussed in the three local government areas already presented.

6.8.2. Organisational Structure of Fmcs' in the NLGA

Nine fmcs' were studied in detail in order to understand their internal situation and external relationships. Of these nine, only four had up-to-date books of accounts. It was very surprising that the accounts of the majority of cooperatives had not been prepared for the past four years. Reading through the societies' files, I found the following "Touring Report" of a Senior Cooperative Officer from the State Cooperative Department in Enugu, the State capital. It reads thus:

> "Touring Notes. Nnewi Divisional Office 2/6/80
>
> I then waded through the files of about forty registered cooperative societies in the local government area. Inspection and audit reports were scanty and many societies' annual accounts had not been prepared for four or five years ... I told the Divisional Cooperative Officer that the impression I had was that his staff were largely idle and although he advanced a number

of excuses e.g. lack of personal transport, inadequate staff, insufficient transport funds, etc. I was not convinced ....."

Chief Assistant Registrar
of Cooperative Societies in
Charge of Field Extension.
Enugu.

This report can give insight into the situation of Nnewi and the possible sources of inefficiency. Because of the problems of gathering up-to-date data, only five cooperatives were found to have up-to-date accounts for 1977/78, so what follows is of necessity based on these. As before, I shall describe their mechanisms for the procurement of necessary resources, operative goal-attainment mechanisms and integrative mechanisms.

6.8.2.1. Mechanisms for Procurement of Necessary Resources

(a) Membership

Members of the above five cooperatives were heterogeneous in occupation. However, it was found that this does not influence their choice of cooperative type and economic projects. As mentioned in Chapter five, there is some evidence that membership structure could determine the choice of type of fmcs. It was also found that membership growth in the cooperatives investigated was static: they function as closed systems. This has been discussed in connection with the other local government areas studied.

Table 6.10. Membership in Five Fmcs' in the NLGA, 1978

FMCS IN ILGA	COOPERATIVES		MEMBERS		AVERAGE MEMBER PER FMCS
	NO	%	NO	%	
Total No.	28	100	1745	100	62
No. Studied	5	10	270	15	54
Others	23	82	1475	85	64

Source: DCO, Nnewi.

Table 6.10. presents information about the five fmcs' studied in the NLGA. These had a total of 270 members, giving an average of 54 in each cooperative. This compares well with the total average of fmcs' in the NLGA and that of the fmcs' not studied: 62 and 64 respectively. However, the average for the five is below that of all the NLGA cooperatives together, 69.

(b) Economic Activities of NLGA Fmcs'

The major economic activities of the NLGA fmcs' include raising capital resources for members, designing incentive strategies, cultivating food crops and distributing essential commodities.

The operational behaviour of capital and loan raising is related to what has already been presented.

The majority of the cooperatives observed cultivate cassava, maize and vegetables. These crops are chosen largely because it is easier to obtain loans from the cooperative financial agencies for them. Of the nine societies studied in this local government area, none are engaged in communal farming activities. Members own their farms individually and there are no areas of specialisation in agricultural production. They sell their products individually, so there are no organised collective marketing activities in the NLGA. I have already mentioned the economic consequences of this practice for members.

Farming is not mechanised. None of the cooperatives studied use tractors or have modern storage facilities.

(c) Financial Situation of Fmcs' in the NLGA: 1978

Of the nine societies studied in the NLGA, four had completed books of accounts for 1977/78, and these form the source for what follows. The cooperatives are listed in the appendix ll

The 1977/78 balance sheet entries studied show growth in the variables. The 1977/78 entries will be examined in more detail in Chapter eight: here are those for 1978:

Table 6.11: Financial Situation of Four NLGA Fmcs', 1978

Entries	1978	Average
Total Membership	203	51
Share Capital	3,146	787
Capital Reserve	327	82
Members Deposits	-	-
Compulsory T/S	1,891	473
Net surplus	407	102
Shares in Secondary Unions	730	183
Shares in Apex Organisations	1,044	261
Other Investments	200	50
Total Investment	1,974	494
Total Assets	9,495	2,374

Source: DCO, Nnewi.

Table 6.12: Share Capital of Four Fmcs' Studied in the NLGA Compared with Others Not Studied

FMCS in NLGA	Cooperatives		Member		Avera-ge mem-ber per	Share Capital		Average Share per cptv.	Average share per member
	No.	%	No.	%		Amount	%		
Total No	28	100	1745	100	62	28,600	100	1021	16
No.Studied	4		203	12	51	3,146	11	787	15
Others	24		1542	88	64	25,454	89	1061	17

Source: DCO, Nnewi.

Summaries of the financial situation of NLGA fmcs' are presented in Tables 6.11. and 6.12. above. The average share capital of the four fmcs' studied is N 787. Although this compares reasonably well with the total average for fmcs' in the Area - N 1,021 - and with N 1061 for fmcs' not studied, the general financial situation is insignificant. Average share per member for the cooperatives studied is N 15, and the Area averages are N 16 for all fmcs' and N 17 for fmcs' not studied. It can be observed that there are no entries for membership interests, which reveals that members are not keen to invest in the cooperatives, possibly because these cooperatives do not afford them any profit. The extremely low share capital owned and invested by members reveals that general interest in cooperative development is lacking.

This could be the reason why the cooperatives neglect submitting annual accounts, while cooperative office ineffectuality could be the deciding factor.

My reading of the Nnewi situation is that cooperatives are formed only to secure credits from the cooperative financial agencies and to participate in the distribution of essential commodities. This situation will be analysed in detail in Chapter eight.

6.8.2.2. Operative Goal-attainment Mechanisms

The NLGA cooperatives are managed, as in the other local government areas presented, by Management Committees. It is they who make policy decisions. Since there are no well-estabalished cooperative functional offices, allocative decisions are not at present of importance to the cooperatives. Lastly, coordinative decisions are made partly by the Committees and partly by the state cooperative

departments. The limitations of the present coordinative decisions are discussed in the next chapter.

6.8.2.3. Institutional Factors in the Structures of Fmcs'

These are as in Oru and the other local government areas studied.

6.8.3. The Components of Fmcs' in the NLGA

The components of fmcs' are the DCO, the Divisional Cooperative Council, the agricultural service centres and the apex organisations. They function here as in the other local government areas presented.

6.9. An Illustrative Example: Oganiru (Ozubulu) Fmcs, Ltd.

The Oganiru fmcs was formed by a group of farmers organised in 1974 to implement the National Accelerated Food Production Programme in Ozubulu Community Council Area. The fmcs was registered as a cooperative society in 1976, with a membership of 30 farmers. Ozubulu has 6 cooperatives, total membership 436. Total population of the Area is about 20,000. Infrastructure is developed. The major occupations are farming and trading. In addition to its objectives, the society adopted Section 4 of the Anambara State fmcs bye-laws.

In terms of economic activities, the society functions as an individual members' promotion cooperative. Economic resources are raised internally and through loans. So far, members have borrowed N 10,000 from ACFA (half in 1975 and half in 1978). However, loans are not yet a major source of income for investment in agriculture.

6.9.1. Financial Situation of Oganiru Fmcs, Ltd.

Table 6.13. Financial Situation of Oganiru (Ozubulu) Fmcs Ltd 1977/78

Entries	1977	1978
Total Membership	50	60
Share Capital	480	1,160
Capital Reserve	46	273
Members Deposits	-	-
Compulsory T/S	180	380
Net surplus	268	227
Total Investment	504	1,204
Total Assets	854	1,410

Source: derived from annual accounts in the DCO, Nnewi.

Table 6.11 presents further items extracted from the 1977/78 annual accounts of Oganiru. There is improvement in the variables presented, but share capital, investments and assets are insignificant.

6.9.2. Management of the Society

Oganiru fmcs has a Management Committee of seven. This includes the president and vice-president, the secretary and the treasurer. The management behaviour of this type of committee has already been discussed.

6.10. Conclusions from the Study of the NLGA

The major conclusions to be drawn from the study of cooperative development in the NLGA are:

1. Fmcs cooperatives predominate in the NLGA because of the influence of government development policy on the societies' initiative.

2. There are more types of cooperative in Nnewi, the capital of the local government area, because of its greater number of cooperative development agencies. This we have observed in the local government areas studies previously.

3. Also there are more types of cooperative society in Nnewi because the development agencies' activities are more diversified in the area. This in turn influences the diversification of cooperative behaviour.

4. There was evidence from the study of the NLGA that members' occupations to some extent determine the type of fmcs chosen, i.e. individual members' on cooperative lines.

5. The average share capital invested by members in the cooperatives is very low. This may be why they do not attach much importance to cooperative development activities. Hence the fact that no accounts have been prepared for the past five years. Also, evidence from the books reveals that the Divisional Cooperative Offices are very ineffectual in their coordination activities. These could be the reasons why many NLGA cooperatives are inactive.

6.11. Differences and Similarities in the Cooperative Systems in Oru and in the NLGA

Some differences between Oru and the NLGA can be observed with respect to membership, number of cooperatives, average share capital, development agencies and proposed societies. The NLGA has a total membership of 2,911 for registered societies and 4,366 for both registered and proposed societies. Ihiala has a total membership of 1,513. Although both local government areas have 42 registered cooperatives, the NLGA also has 32 proposed societies waiting for registration, while Ihiala has none. Both areas have almost the same number of fmcs', and the proposed cooperatives in the NLGA are all of this type. Average membership of registered societies is higher in

Nnewi than in Ihiala, 69 and 36 respectively. Average share capital for all the cooperatives in the NLGA is N 1,035 while in the ILGA it is N 1,551.

A major similarity between the two local government areas is that they both have more cooperative societies in their capitals, Nnewi in the NLGA and Ihiala in the ILGA, than in other parts. Also, cooperative activities appear more diversified in the two capital areas. Fmcs' predominate over other types in both Areas. Finally, neither Area has organised marketing for distribution of members agricultural produce.

6.12. Conclusions from the Study of Anambara State

The first conclusion from the study of Anambara is that the government aims at using fmcs' in the promotion of cooperative development. This is why fmcs' predominate numerically. However, the cooperatives investigated showed weakness in their adaptive, goal-attainment and integrative mechanisms. With respect to adaptive mechanisms, the cooperatives investigated had problems in procuring capital inputs; in particular the share capital invested by members is very low. There is no organised marketing of members' produce. Membership is low, as are mechanisation and flexibility.

Concerning goal-attainment mechanisms, the cooperatives had problems here. Weakness was observed in making policy and coordination decisions. Allocative decisions were completely absent, since there were no established cooperative functional offices for running the day-to-day socio-economic activities of the members.

The integrative problems were left to the government cooperative departments. This is because the cooperatives are weak in economic and human resources, making it difficult for them to exert influence on members.

The majority of the cooperatives employ the individual members' approach on cooperative lines because this reduces the tension experienced in the communal approach, and at the same time members' are chiefly interested in raising credits for their individual consumption. Thus there is no need to organise communal projects.

Finally, cooperative development activities are found concentrated in the capital areas of the local government areas studied because the capital areas are more developed and contain the major cooperative development agencies.

In the next chapter we shall discuss the constraints within the systems studied.

CHAPTER SEVEN
THE REAL GOALS AND CONSTRAINTS IN THE AGRICULTURAL COOPERATIVE SYSTEMS OF THE ECS

7.1. Introduction

The central activity of an organisation as a social system is the development of power to perform functions needed to attain its goals. These functions are reflected in the ability to procure necessary resources, to make operative decisions and to observe the universal rules and contractual regulations in the larger social system. These are the basis for the survival of an organisation. Thus, evaluation of the performance of an organisation ought to be based on its specific goal, which has a functional relationship with the larger society. With respect to cooperatives in the East Central States of Nigeria, this is a controversial issue because of the diverse interests of the chief participants in the cooperative systems studied. What then are the real goals of fmcs' in the ECS and what actions are taken to achieve them? What are the constraints on a-chieving them?

The two major participants in the cooperative system of a state government area in the ECS are the government and the cooperative movement. The stated/intended goal of cooperative development in a state government area is the promotion of efficient primary cooperatives, as we saw in Chapter four. However, the possible differences between the stated goals and the real goals of the actors in the cooperative system were not explored in Chapter four.

The real goals of the primary cooperatives in ECS cooperative systems should represent the common interests of the government and the farmers (cooperative movement) in cooperative development. Understanding the real goals of the fmcs' studied can help us understand their real functions in the society at large. This knowledge can give the background to the evaluative analysis in the next chapter, and to the design of the new cooperative system in the normative part of this project, Chapters nine to eleven.

However, while stated goals are documented in Chapter four, the real goals can only be inferred from the behaviour of the various actors. This behaviour has been described and explained in Chapters five and six. Chapter five also mentions certain problems observed in the systems studied which could hinder the primary cooperatives from achieving their goals. These problems I term efficiency problems or constraints in the cooperative systems studied. The constraints to be isolated here will be classified according to the systems levels at which they occur. Discussion of the constraints within the ECS cooperative systems will complement with additional observations the descriptive analysis presented in the last two chapters.

This chapter has three main aims. The first is to determine the real goals of the fmcs' studied, that is, the common goals representing the interests of government and farmers in cooperative development.

The second aim is to summarise the major steps already taken by both parties to further interests in cooperative development. Thirdly, I shall analyse the constraints on the cooperators and on the government which hinder the achievement of the goals of cooperative development.

The method of determining the real goals and objectives of an fmcs will be to examine the goals of a typical farmer in a community area studied during my empirical work. 'Typical" here means what is prevalent generally. This examination can give us some insight into how formulation of goals and objectives takes place in the fmcs' in the ECS. The last two chapters have given us some insights into the steps already taken to achieve the goals of the fmcs, and also into the existing constraints.

7.2. Determining the Real Goals of the Fmcs' from the Study Conducted

We have two main tasks in this section. The first is to investigate the goals of a typical farmer in an ECS village community. The second is to present briefly the real interest of government in cooperative development in the ECS. From the farmer's goals we can understand the general problems of village farmers, which could influence them to organise a cooperative. These general problems form the background for the formulation of goals in primary societies. Understanding the goals of farmers in cooperatives and those of the government, we can then derive the real goals of the fmcs' in the ECS. This is the major aim of this section.

This typical-farmer approach is considered appropriate because it is straightforward and brings out observed common problems facing farmers generally in the ECS. An alternative approach would have been to document common goals derived from interviews with both farmers and higher government cooperative authorities. However, this may not include the influence of the actual physical and socio-economic conditions in the local areas on the behaviour of farmers when formulating their goals. The approach adopted is based on interviews with farmers and on direct observation in the areas studied. Note that most of the problems the farmers have are interrelated because they stem from climatic, socio-economic and other physical conditions.

This approach - determining the real goals of fmcs' in the ECS so as to acquire a background for discussions on constraints - is supported by both Churchman (1968)(1) and Dülfer (1974).

According to Churchman (1968), in order to establish the real objectives of a system we can study the real objectives of the customer who buys or consumes the goods and services sold by that system. Churchman says (page 185):

> "In the simplest case the customer will be a single person who is identifiable and who can be studied in such a way that his real needs will be revealed."

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1. See also Ansoff: Cooperative Strategy,1975.

According to Dülfer, to find the real objectives of a cooperative it is important to conduct a comprehensive investigation in order to find objectives representing the basic interests of both the government and the cooperative movement. On the basis of these common objectives, a programme structure (activities) can be set up and then the constraints on the programme structure in achieving the objectives can be identified.

In the case of the ECS we can determine the real goals of an fmcs by investigating the real goals of a typical farmer in one of the villages studied. His goals can be based on his socio-economic needs in the village or within the larger social system.

7.2.1. The Goals of a Typical Farmer in Ihiala

Let us consider a farmer called Ibe - a fictitious name. It is assumed that he is not a member of a cooperative. His family of about six live in Oseakwa, one of the village groupings in Ihiala community area. By family (Ezi-Nulo) I mean nuclear family, i.e. husband, wife and children. Ibe's farm land is dispersed around his house, and he owns other portions outside the family holdings. His major family responsibilities include maintaining his family, buying food, clothing, annual tax, school fees, purchase of farm input, farming activities and so on.

7.2.1.1. Ibe's Procurement of Economic Resources

Farming Activities

Ibe lives in Oseakwa on the bank of the Ulasi river, but he cultivates most of his crops (cassava, yams, maize, etc) across the river, i.e. "Oru" in the swamps of the River Niger. This is usual for people on Oseakwa since the land on their opposite bank is very fertile. To cultivate across the river, Ibe must start early in January by renting land there.

Individual ownership of land across the river is rare. Instead, land is communally owned by families or other groups. Government Forest reserves are also located here. Thus, people can rent from the government or from other land owners.

The end of January or the beginning of February brings the first rainfall and Ibe and other farmers have already started clearing the forests. Cultivation follows. Ibe's family probably cannot supply enough labour since his children are not yet grown up; or maybe they started school in mid-January, so he employs local labour each time he and his wife cross the river to work on the land.

By the end of January, two or three more rainfalls have provided water enough to start planting the farmland around Ibe's house. He starts with yams and maize on the same plot, and cocoyams, maize and other vegetables on separate plots. By this time he may have more labour because his children can help him to work on plots around his house in the evenings or during the weekends when they are not at school. He can also use locally-employed labour here - a normal practice in Ihiala. At the same time he visits the farmlands across

the river every fourth day, doing light work on the land around his home on the other days. Each time he goes to work across the river he can hire from one to four local labourers, paying each about N (Naira) 6 or N 7. During this preparation and planting period the farmer is faced with the problems of buying seedlings where he has not saved enough from the previous year, buying fertilizer from the agricultural service centre, getting enough money to pay his workers, and so on.

The period after cultivation at the end of April is always difficult for Ibe and other farmers, because they have done most of the work on their crops but they have spent most of their money on local labour and school fees. To make a living before crops such as maize ripen in June, Ibe and his wife engage in economic activities other than agriculture. The wife can continue her petty trade. By turns, Ibe could be a trader, a mason, a painter, a tailor, etc. He takes up this type of work after the planting season, occasionally visiting his cultivated farms to take care of them until harvest time.

Ibe again employs local labour to harvest his crops in the swamps of the Ulasi before the flood comes in August (depending on the exact location of the farm). He hires small canoes where needed to paddle his crops over from the swamps. He sells the harvest at Eke Oseakwa market in his village, since many traders in food crops drive down in their "goods only" vehicles to buy. It is cheaper for them to buy wholesale direct from the farmers. Other middlemen in the market can buy from Ibe and sell retail in the same market.

Ibe does not worry so much about the farmland around his house: he harvests it slowly. However, after the November flood he returns to his farm to plant cassava (otapuru) which he will harvest by June the following year and utilise in expectation of a new harvest.

There is one problem that Ibe is not aware of. Each time he sells, he bargains with his buyers and they buy from him when there is a consensus on price. But he has no standard of measurement in order to know how to set his prices, and there is in the market no use of standards of measurement. Here we meet the first constraint, an educational one.

The Typical Farmer's Other Sources of Income

Other sources of income for Ibe could be when his children leave school and get good employment; or if they become progressive traders, they may help with occasional remittances. A man and wife could also be members of small credit organisations in the villages and request loans from the unions. Moreover, Ibe has other cash crops such as palm , coconut and orange trees which yield cash produce occasionally at different periods of the year.

7.2.1.2. Basic Interests of the Typical Farmer

We can assume that the farmer's expectation is to produce enough food for family consumption and for cash sale in the market to get money for other farming and family needs. Ibe will be likely to carry his produce to Nkwo-Ogbe market at the central station in Ihiala, about

6 km away. This is the major economic centre and offers higher prices for food crops. However, it may cost Ibe disproportionately more in labour and money to transport his crops there. Thus transportation to external markets is another constraining factor.

From the above overview of a typical farmer's economy in Ihiala we can derive the general problems of the farmer. These are listed below.

7.2.1.3. General Problems of Farmers Before Joining a Cooperative

1. Income from farming is insufficient, hence farmers must find other things to do in order to cater for the needs of their families (need for supplementary income)

2. Holdings are dispersed and nearby ones may not be enough for farmers' families so farmers have to rent land

3. Farmers need money to buy external labour where family labour is insufficient

4. Farmers receive too little from food crops sold in the market because they sell them raw. Moreover, the harvest time sales period is precisely the period when there are many competitors (other farmers) in the rural markets. Hence, prices are always low.

5. There are no standard scales used for determining quantities and prices of food crops sold. Price is determined by bargaining and usually the farmer comes off worst.

6. Farmers cannot finance transportation to distant markets where they could sell their produce at better prices.

7.2.1.4. Expectations of a Farmer from a Cooperative Society

It can be assumed that the farmer seeks membership of the cooperative in order to improve his productivity and to sell his crops at better prices. Moreover, he will wish to be informed more about the opportunities inherent in cooperative organisations. Apart from the problems he wants to ease through cooperatives, he is also interested in getting the government grants and subsidies promised to cooperatives. As long as his expectations are met by his cooperative, we can assume that he will be willng to contribute towards achievement of the overall cooperative goals.

Tables 7.1. and 7.2. present the expected programme' structure of a farmer who is a member of an fmcs and the cooperative development institutions. In some developed and developing countries it is normal for the cooperative to be organised at the market level in order to market the farmer's produce and then to allow the farmers to make decisions of their own in dealing with the cooperative concerning services needed.

In single-purpose cooperatives, the farmer has to deal with many organisations to satisfy his normal needs. By way of comparison, in

Sweden, a cooperative farmer deals with an average of five cooperatives in meeting his productive and marketing needs. In multi-purpose cooperatives he has to deal with only one ogranisation; but the number of decisions may of course be the same.

The real goals of fmcs´ can be oriented to satisfying the productive needs of members and helping them to market produce for increased monetary returns. We can also emphasize that cooperative members have monetary and material goal-expectation in accepting membership. The material goals are mainly to get enough food crops during the harvest and to buy other consumer goods for their families. To achieve these goals, members must exploit the opportunities offered by the agricultural and cooperative development institutions. To exploit the services of these, the cooperatives must have skillful personnel to assess their strengths and weaknesses so as to understand the possible ways of exploiting their services.

What happens in reality is that the cooperative development institutions employ the skillful workers, but the recipient cooperative (primary) organisations lack such skills. This helps to increase the influence of the development promotion institutions over the economic activities of the cooperatives (1). This is a technological constraint. Strictly speaking, it is organisational and management problems that are involved here, and these seem to determine the viability of the cooperatives in the early stages.

Table 7.1. Expectations of a Village Farmer from a Cooperative

Production of Food Crops
1. Arrangements for land to cultivate
2. Which crops to cultivate
3. Agricultural credit
4. Arrangements for seedlings
5. Arrangements for fertilizer supply
6. Arrangement for local labour
7. Agricultural Extension Service needed
8. Purchase of essential consumer products for family
Marketing of Agricultural Produce
1. Which crops to sell?
2. Which open market offers higher prices?
3. Transportation of crops to open markets

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1. This situation is related to the monitoring and boundary control functions discussed by Miller and Rice (1967): Systems of Organisation

7.2.2. Expected Real Interests of the Government in Agricultural Cooperative Development

The government has both short- and long-term intended goals for agricultural cooperative development in the ECS. The short-term interest of the government here is to improve and increase the production and supply of food crops and other agricultural produce demanded by other interests in society, e.g. industrial development. To achieve this objective, the government considers it reasonable to establish professional farmers. This is done by exploiting the motivation of present farmers, and by improving farm infrastructure through re-education of these in new techniques of production and newly-introduced machinery. Such activities can increase the farmers' cash incomes and still leave them substantial quantities of food crops for home consumption. At whole-society level, this can reduce the amount that the government must budget for import of food and agricultural products from other countries.

Table 7.2. Cooperative System in a State Government Area in the ECS: Actors at Different Levels

Name of Agency	Location at Systems levels: Community Council	Local Govt.	State Level
Government Agencies			
1. Cooperative Department			1
2. Price Committee			1
3. Commodity Boards			1
4. Divisional Coop. Office		1	
5. Agricultural Service Centre		1	
6. Banks			2+
Coop. Movement Agencies			
7. State Coop. Union			1
8. Coop. Wholesale Association			1
9. Coop. Produce Marketing			1
10 Coop. Financing Association			1
11 Divisional Coop. Council		1	
12 Primary Cooperatives	1		
Total 12	1	3	9

+ Agricultural and Cooperative Bank, and Cooperative Bank of the ECS. Note that agencies are concentrated at local government and state levels.

The major difficulty of the government in attaining its short-term objective is to find appropriate cooperative forms for promoting agricultural development.

The government's long-term interest in cooperatives is to promote an independent agricultural cooperative movement in the ECS. The movement will be responsible for the management of its own activities independently of government intervention. When the movement has demonstrated its capability, the government could withdraw its present management and control functions. The first step in achieving this objective is also to promote efficient primary cooperatives, which we found in Chapter four is the major goal of the agricultural cooperative system of a state government area in the ECS. Its achievement of this will help in the performance of needed societal functions in socio-economic development. These are preconditions for the maintenance of social stability.

These intended goals are what the real interests of government in cooperative development o u g h t to be. However, certain goals emerge occasionally in the two halves of the ECS cooperative system which hamper achievement of the intended goals. One of these concerns distribution of essential commodities through the cooperatives. Interviews with senior government cooperative officials and with top people in the cooperative movement revealed that more interest was devoted to the distribution of essential commodities than to pursuing the intended goals. So the distribution of essential commodities through the cooperatives is a constraint which has long-term dysfunctional effects. I shall return to this in the last part of this chapter.

7.2.3. Summary of the Real Aims of the Agricultural Cooperative System of the ECS

Returning to the programme structure of a farmer who joins a cooperative organisation, we can assume that his farming problems are similar to those of others in the same cooperative since they are under the influence of almost the same environmental conditions, especially physical conditions. Their common interest is in food and agricultural production. We found also in the last section that both the short- and the long-term interests of the government here are centred on food and agricultural production. This is an area where government interests intersect with those of farmers in cooperative developent.

We can now generalize that the real goals of the agricultural cooperative development system in the ECS are to improve food and agricultural supply, and to motivate the primary cooperative members in the system who function as operatives at the lower level. In practice, this means improving food production services and the cash incomes of members through collective cooperative marketing activities.

Considering the above real aims of the agricultural cooperative systems of the ECS, one can now understand the functions of cooperatives in Nigeria - and can even classify them as adaptive (1)

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1. See Parsons, T.: Structure and Process in Modern Societies 1964, pp. 44-58.

organisations since they are oriented to economic production. We can also evaluate the goals of agricultural cooperative systems in the ECS to the extent they supplement the overall Nigerian Agricultural Development Policy formulated by the Federal Government. Thus if the cooperatives supplement the overall goals of agricultural development in Nigeria, this will be the basis for their right to exist throughout the country.

The real goals examined above lie near to the operational objectives stated in Section four of the bye-laws of the ECS fmcs'. The problem is that Section four is already given: the farmers buy the bye-laws and then register them, without presumably being aware of how these objectives came about.

Now one of the objectives stated in the bye-laws is:

> "and to do any other thing that may improve the economic well-being of the members."

This is actually the objective that has been operationalized by cooperative members.

7.3. Summaries of Major Steps Taken by the Government and the ECS Agricultural Cooperative Movement to Attain the Goals of Cooperative Development

I shall present the major activities of the government in cooperative development, and then those of the farmers' cooperative movement. The activities presented here are oriented towards achieving the cooperative goals discussed in the last section.

7.3.1. Summary of Government Activity in Cooperative Development

1. The government has promulgated the cooperative law regulating the activities of cooperatives in a state government area

2. It has also created the Cooperative Department to manage and control cooperative development activities in a state government area. To make the Department's facilities available to the cooperators, its functional activities have been decentralized to the Divisional Cooperative Offices in the local areas. The cooperative inspectors in the Divisional Cooperatives act as government supervisors of the primary cooperatives in the local areas.

3. The government has also chose, and recommended to the movement, the fmcs pattern as the organisational form for cooperative development in the ECS.

4. Further, the government has helped the cooperative movement to set up secondary unions and apex cooperative organisations for horizontal and vertical integration of the socio-economic activities of the primary cooperatives. Experience gained from my empirical investigation revealed that the apex organisations are largely financed by the state governments, the Agricultural

and Cooperative Bank owned by the Federal Government and also by the Cooperative Bank of Eastern Nigeria.

5. Finally, the government has designed an incentive strategy for motivating farmers to join cooperatives, and for motivating cooperators to increase their levels of participation. The strategy is based on material inducements (1) e.g. loans, seeds, fertilizer, essential consumer goods, auditing, management, import and export licences, other special privileges and so on.

7.3.2. Summary of the Activities of the Agricultural Cooperative Movement in Cooperative Development

1. Members of the movement have organised primary farmers cooperatives in some villages in the community council areas. The majority of these primary cooperatives are based on the multipurpose pattern.

2. Members of the movement have also attempted to organise small-scale agricultural processing projects and other economic projects, but these have not yet become established.

3. Also, attempts by cooperative farmers to market their crops and other agricultural produce collectively have not yet yielded appreciable results.

4. The agricultural cooperative movement together with members of other types of cooperative have organised secondary unions in the local government areas in order to integrate their socio-economic activities horizontally. They have also organised apex cooperative organisations to help them integrate their socio-economic activities vertically; to represent their interests at state level and to negotiate their relationships with the state government authorities.

These are the major steps taken so far by the agricultural cooperative members to attain their socio-economic goals in the local areas. It was observed that the primary cooperatives studied were still finding it difficult to get themselves established as productive organisations in the ECS. Some of the problems facing them have their origins in their present relationships with the government cooperative departments, and also in the general social system (environment) of the ECS. These problems will be discussed in the next section, dealing with the constraints on the agricultural cooperative systems in the ECS.

The government's problems in realising its cooperative development goals could also be related to the level of structural development of the primary fmcs' they are attempting to organise in the local areas. Also, there are in the ECS environment factors whose influence on the growth and development of agricultural cooperatives has not been recognized by the government Cooperative Departments. These problems will be discussed together as constraints in the next section.

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1. Barnard, C.: The Functions of the Executive, pp 139-160

7.4. The constraints in the ECS Cooperative System

I shall now discuss the constraints which limit environmental adaptation of fmcs' in ECS cooperative systems. The preliminary discussions in the first part of this chapter showed how constraints emerge in the cooperative systems of the ECS as a result of deficiencies in the formulation of goals and strategies, the operative mechanisms adopted and the physical conditions where the cooperatives are organised. However, the constraints found during the study are related to the three major levels of a cooperative organisational system: task system level, technological level and internal organisational level (see Chapter three).

While the government and the cooperative movement do have their intended goals for agricultural cooperative development, our discussions here will exclude constraints on government activities and concentrate on those that limit the primary cooperatives in the achievement of their goals. Some of the major constraints on the government are presented in Table 7.4. later in this chapter but the subject of this research is the problems of agricultural cooperatives, not those of the government in cooperative development. So the fmcs' are the basic units of organisation studied, and their relationship with the government is also viewed as a constraint. We shall discuss constraints with reference to the three levels of fmcs organisational systems encountered during the empirical investigation.

The constraints at task system level are classified as institutional, ecological, technological and organisational. The institutional constraints are socio-political and have their sources in government cooperative development policies. The ecological constraints emerge as a result of the integrative problems facing the primary cooperatives and their components in the social system. Technological constraints are those due to deficiencies in human resources and deployment of mechanical equipment for producing and marketing crops. Thus the technological constraints are in fact socio-technical in nature. Finally, the constraints resulting from the internal organisational system of the cooperatives are classified here as organisational, and are mostly socio-economic.

The foregoing classification of the constraints isolated during the empirical investigation was made in response to the basic assumption presented in Chapter three, that organisational problems are located at three levels of responsibility.

There are of course other ways the constraints isolated in the empirical study could be classified and analysed in detail. One would have been to analyse the constraints using the systems design approach and following the input-conversion-output processes, emphasizing the limitations in acquiring the input and disposing of the output variables. However, such an approach risks playing down the influence of the institutional factors which, here, needs more emphasis. Further, my classification approach in fact includes the input-to-output appoach. My classification of constraints is summarised in Table 7.3. below.

TABLE 7.3. CLASSIFICATION OF TYPES OF CONSTRAINTS ACCORDING TO SYSTEMS LEVELS IN ECS
(The table has been constructed on the basis of the observations and discussions above)

Types of Constraints Systems Levels	Institutional Constraints	Ecological Constraints	Technological Constraints	Internal Organisational Constraints
State Level (Whole system level)	1)Government incentive Strategy is limited only to material inducements. No emphasis on persuasive inducements e.g. Cooperative ideology through educational activities. 2)The primary interests of existing apex organisations are not related to promotion of agricultural cooperative. No reasonable returns to primary societies on their investments in apex organisations. 3)The cooperative law requires the use of managment committees. This limits decision making and creates coordination problems. Executive skilled president is recommended. 4) Government loans to primary cooperatives pass through the Banks, Apex organisations before they reach members. These channels increase the rent paid by cooperators. Also the loans received are still insignificant.	1)High economic expectation of cooperative members due to the present socio-economic practices in the Nation at large. So members are impatient to wait till cooperatives start yielding substantial economics resources.	1)Absence of Apex Organisations for integration of agricultural cooperatives' activities in a state Govt. area in ECS.	1)Limitations of the prescriptions of the Govt. Cooperative development policies on structural development of primary copperatives. 2)No clear formulation of policies for marketing of agricultural products. 3)Goal displacement by apex organisations especially the cooperative wholesale associations.

Types of Constraints Systems Levels	Institutional Constraints	Ecological Constraints	Technological Constraints	Internal Organisational Constraints
Local Govt. Level (Total Systems Level)	1)The present divisional cooperative councils are not adequate for promotion of agricultural cooperatives since membership includes all types of primary cooperatives. Observations revealed that they function as trading organisations with more interests in the distribution of essential commodities. There is the need for organisation of a secondary union for agricultural cooperative promotion.	1)Inter-organisational relationships among the primary cooperatives at the local government level is very low. This means that there are no strategies for task environmental management consensus and cooptation strategies, etc.	1)Absence of secondary unions for promotion and coordination of agricultural cooperative development in the rural areas. 2)Absence of skilled human resources in Divisional Cooperative Councils. This is why the Govt. DCO is its chief Executive. 3)Limited knowlege of strategy formulation by cooperatives inspectors. 4)Shortage of trained cooperative inspectors.	1)Goal displacement by the DCC's. 2)Wrong location of distribution stores for agricultural retail marketing in the rural areas. 3)Generally, lack of interest in the DCO and DCC on exploring new cooperative development opportunities.

Types of Constraints Systems Levels	Institutional Constraints	Ecological Constraints	Technological Constraints	Internal Organisational Constraints
Community Council Level Sub-system level)	1)Uneven distribution of Cooperatives in the villages due to lack of cooperative infra-structural development agencies. 2)Limitation of cooperative socio-economic ac-activities due to the cooperative law. 3)Absence of credit institutions in the local areas.	1)Marketing behavior of non cooperative farmers 2)Competition problems in the open markets. 3)Limited infra-structual development in the rural villages limits cooperative growth and development. 4)High economic expectation of members. 5)Aging farmers. 6)Location of cooperatives in the villages. 7)Climatic conditions. 8)Limited arable land in ECS. 9)How the primary cooperative came into existence (i.e. its history).	1)Limited employment of modern productive tools and machinary. 2)Lack of flexibility in agricultural production. 3)Limited education of members. 4)No market organisation for distribution of farmers products. 5)High cost of local labour	1)Heterogenous membership in the primary cooperatives due to open membership policy creats problems in the choice of organisation form and formulation organisational goals. 2)Limited members (size) in primary societies creates internal capitalization problems. 3)Internal coordination problems due to conflicts among members, limited information on cooperative opportunities and limited incentives to members. 4)Deficiency in formulation of goals and strategies. 5)Limited internal capitalization 6)Generally, lack of congruence or fit between the structure of farmers cooperative and environmental demands. (i.e. integration of tasks, structure, people and processes.

7.4.1. Institutional Constraints

Institutional constraints emerge in the ECS as results of government cooperative development policies. Here we shall discuss the constraints of heterogeneous fmcs membership, limited fmcs cooperative size (membership), uneven distribution of cooperatives in the community council areas, the present incentive strategies, the present cooperative law, fmcs relationships with apex organisations and loans to farmers' cooperatives. These constraints operate chiefly on the adaptive mechanisms of the fmcs' in their areas of location.

My impression from the study is that the institutional constraints listed above are the major problems facing primary cooperatives in the ECS. Their influence on primary cooperative behaviour is conspicuous, and can be recognised in different aspects of fmcs economic activities. Considering these institutional constraints the major sources of efficiency problems, I shall discuss them, some in detail and some briefly, in order to expose their dysfunctional influences in the attainment of the goals of cooperative development.

7.4.1.1. Heterogeneous Membership

In the fmcs' studied, I found that the cooperative members were both farmers and non-farmers - hence the term heterogeneous membership. According to government policy, both farmers and non-farmers may form fmcs', since rural economies are considered to be interrelated and improvable through the services of this form of cooperative. Heterogeneous membership is a constraint because it creates many problems for the primary cooperatives.

The greatest of these is that it forces members to choose an inappropriate organisational form of fmcs. Most fmcs' with heterogeneous membership choose the communal type. Initially, members set up economic projects such as food processing, bakeries, weaving, restaurants, etc. Some of these are unrelated (i.e. a conglomerate strategy) and when competition problems arise, the members abandon some of the projects and organise new ones in areas of business they consider profitable. I have called this behaviour the "approach and avoid" pattern. In the end, the non-farmers leave the cooperative. Some move to the cities, and the whole cooperative goes into liquidation. One is not surprised that the members give up. Communal fmcs' are capital-intensive. Members contribute to set up unprofitable economic projects, hiring costly local labour to maintain them since some members are not farmers and have other economic interests. When the projects fail, members lose their little capital.

The idea of agricultural cooperatives is that they should be organised in the areas of farmers' common productive and marketing problems. This is the "basic charge" of farmers' cooperatives. First of all, viability is sought at production level and later on, appropriate marketing strategies are developed.

In the case of the ECS it was observed that cooperatives are organised purely at production level. No organised marketing

strategies take place. These problems if carefully studied can be found to be related to the heterogeneous membership policy of the government. We found earlier that where members are homogeneous, they always adopt the individual membership type of fmcs organisational form. In some cases this form emerges spontaneously because of the problems inherent in the communal approach. Consequently, the policy of heterogeneous membership can be regarded as a constraint.

7.4.1.2. Limited Cooperative Size (Membership) in ECS Fmcs'

As noted from the empirical data from the four local government areas studied, the average sizes of the cooperatives are generally very low, ranging between 45 and 50 members. This simply means that there are many more farmers outside the cooperatives than within them, and the cooperators may not be able to exert sufficient influence over changes in the agricultural market. Instead, there is the possibility that the primary cooperatives can be pushed in the direction of price decisions made by the farmers outside them, especially where there is no collective marketing relationship. This is the major exogenous effect of this low cooperative membership.

However, the endogenous economic effects of low membership could have more severe economic consequences for the cooperative itself than the exogenous effects. Remembering that the members of a cooperative organisation act as both buyers and sellers, internal economic transactions among members are very important for its viability and economic expansion. Cooperatives raise internal agricultural credit, which members borrow at low interest rates. They also distribute consumer goods among members. So the more the cooperatives can increase their capital from within, the more independent of outside forces they become. Thus membership is very important for the efficient performance of cooperative organisations.

My observations suggest that one of the reasons for this low membership of fmcs' in the local government areas studied lies in the cooperative development policy of organising the cooperatives at the lowest unit of village groupings. Some of the villages in question have populations ranging from 600 to 2000 or more. Ihiala has about 29 such small village groupings, with an average population of about 650. During the debates on organising fmcs' (see Chapter four), it was assumed that these groupings could form the basis for viable cooperatives.

I observed socio-economic activities in Ihiala community carefully. One can easily observe that economic activities take place outside the boundaries of these smaller village groupings. In Ihiala community area for example, smaller villages such as Mbarakpaka, Eziani, Ndiezike, etc have no open markets. For this reason, the people living here do their economic activities in Nkwo Ogbe market, at the central station, which is the major traditional market now held daily. Also, every four days, farmers from these villages go to Afor market at Ubaraekwem to sell and buy. The machines for processing maize, cassava, beans, etc, are located in these market areas, so people who need them must go there. In other words, the major economic institutions lie outside these villages.

Traders' economic unions, e.g. cement sellers', restaurant owners', garri sellers', etc, are formed at the community levels in response to the segmentations in the open markets. The same can be said for the social clubs and non-cooperative credit unions. At present, communal activity in the smaller villages consists mostly of repairing unadopted roads, settling traditional disputes, etc.

The point I wish to stress here is that in reality, socio-economic activities operate at community level on the basis of personal interest. This is the level where business contacts and other cooperative efforts are made. So the policy of promoting cooperatives at smaller village level limits the entry of members. Moreover, there are virtually no cooperative and economic institutions at the smaller-village levels to help promote economic activity in these areas.

A very relevant experience I had personally in 1979/80 when studying in the ECS concerned the role of conflict among villagers in limiting cooperative membership. I wanted to help some members of a small village organise a cooperative so that I could myself experience and learn from the processes involved in formative activities. I started by explaining and collecting names. Some people wanted to see the list in order to know whether the people on it were persons they could work with. This continuous interaction at small-village level sometimes leads to conflicts. People may simply not want to work together.

This minor exercise also gave me some insight into how vaguely people defined cooperatives. The above are some reasons for the small membership in fmcs'; but there is also the possibility that if the progress of the cooperatives were reflected physically in the villages, more people would join.

7.4.1.3. Uneven Distribution of Cooperatives in Community Areas

Primary cooperatives are unevenly dispersed in the smaller villages in the community council areas. Sometimes a community council area has only one cooperative society. We have shown that this uneven distribution is related to the absence of cooperative development agencies in these areas, and also to deficiency in human resources. Our analysis in Chapters four to six revealed that a certain level of development in an area is needed before cooperative development can progress. So in order to encourage the growth of cooperatives in areas without primary societies, there is need to start locating cooperative development agencies in such areas.

7.4.1.4. The Constraints of the Present Incentive Strategies

The government incentive strategies in cooperative development are substantial. They are mainly oriented to leverage through material goods, loans, monetary aid and other administrative services. Government aid already mentioned is the selling of fertilizer at subsidized prices, distribution of cassava sticks and other seedlings free of charge during the planting seasons, and the distribution of essential consumer goods at subsidized prices.

Such material inducements according to Barnard (1939), where unaided by other measures, can constitute weak incentives above the level of bare physiological necessities. The ECS strategy can be considered appropriate in the present state of affairs in the region since the standard of living is not high. However, persuasive incentives could also be of great importance in establishing viable cooperative organisations at primary level. "Persuasive incentives" here means those for improving the philosophy of cooperative education and the search for ideology, and more appropriate ways of communicating these to farmers in the local or rural areas. The role of ideology is a controversial issue in development studies. Education can play positive roles in pattern maintenance.

The cooperative movement has other beliefs that are far from materialistic, and pluralistic incentive strategies could yield better results than the one-sided approach. During the period of national scarcity in the early and middle seventies, the government used the cooperative to distribute essential commodities. This incentive approach was adopted in order to encourage more people to enter cooperatives, or to form new ones. The aim was to meet the Federal Government target, a policy guideline aimed at increasing membership of cooperatives to at least 25% of the population of Nigeria by 1980. Diversified material incentive strategies were formulated to achieve this. In the Annual Report of 1977-78, Anambara State published the following programme targets:

	1976	1977	1978
Target (in number of registered and proposed cooperative societies)	811	957	1,126
Achievement (in number of registered and proposed cooperative societies)	796	1,017	1,295

A total of 128 cooperative societies was registered between 1/4/76 and 31/3/77, while 207 societies were registered during the 1977/78 business year. Details are presented below.

	1976	1977/78
Farmers' Multi-purpose Cooperatives	103	170
Multi-purpose Cooperatives	14	29
Consumer and Supply	-	3
Thrifts and Credit	3	3
Divisional Cooperative Councils	5	2
Apex Cooperative Organisations	2	-
Others	1	-

The Department wrote, "The relatively high ratio of performance over the agreed programme targets was attributable to the following factors:

1. Increased Cooperative involvement in the Distribution of essential Commodities...
2. Federal Military Government Cooperative Policy (see above)...
3. Liberal Cooperative Credit Policy (an unprecedented volume of

liberal and soft credits to cooperatives was made available through the Federal-Government-owned Nigerian Agricultural and Cooperative Bank Ltd.".

In my 1979/80 empirical investigation the four high officials I interviewed in the two States answered my questions on the achievements of the fmcs' by mentioning in their first statements that cooperatives have contributed to distribution of essential commodities.

The question is, how many cooperatives organised during these two periods are really active in agricultural production?

The point I am trying to establish here is that incentive strategies should be formulated and directed towards the programme structure of agricultural development. This is the major aim of agricultural cooperative development, and other economic programmes are only supplementary. Most of those who joined cooperatives in the seventies did so only to participate in the benefits of the above material incentives. Now most members have left because they no longer get enough material inducements, and also the activities of the cooperatives in certain areas have slowed down. Suggestions for improvement here will be made in Chapter ten.

7.4.1.5. The Present Cooperative Law as a Constraint

I have found constraints in the present cooperative law of Eastern Nigeria in the area of the management and control of the present primary cooperatives. Part One of the Cooperative Law (Chapter 28) states:

> "Committee means the governing body of a registered society to whom the management of its affairs is entrusted".

My observations indicate that the present Management Committees empowered by the law to manage and supervise the socio-economic activities of the primary cooperatives are generally weak in innovation and formulation of strategies. Generally, the committees appear to lack the time to devote to cooperative development activities. This is because committee members are engaged in their own economic activities, and most of the time are not even living in the villages where the cooperatives are situated. As stated in Chapter five, this makes it difficult to hold monthly committee and general meetings. Because of this, there is need to change the cooperative law to encourage the primary cooperatives to employ skilled executive managers. I shall return to this in Chapter ten.

Such a change in the law is indeed reasonable, because other cooperative agencies, e.g. the DCO's, DCC's, etc, are all managed by professionals. If the need for skillful management is recognised at these levels, why not at primary level, where task environmental problems abound?

7.4.1.6. The Apex Organisations as Constraints

Most of the cooperatives studied are members of the cooperative apex

organisations. The primary organisations own these apex organisations through share-holding and other economic contributions, e.g. development funds, made to the apex organisations. To date, the financial accounts of the cooperatives studied have recorded no dividends paid to the cooperatives. However, the major problem is that one does not really understand the relevance of the apex cooperative organisations to the farmers, especially the relevance of those organisations that are supposed to be marketing the farmers' produce.

The discussions in Chapter four indicated that the existence of these apex cooperative organisations is a part of the strategy of promoting the growth of the primary organisations in the local government areas. Three well-known major apex organisations in the ECS are:

1. the Cooperative Financing Associations
2. the Cooperative Wholesale and Consumers' Association
3. the Produce Marketing Associations

The main interest of the financing agencies can be clearly understood since the primary cooperatives are yet to improve their management situations. While the present role of the financial agencies may be acceptable, my concern here is with the CWCA and the PMA's above, since they are the organisations that are supposed to be marketing the farmers' produce. Now, the products they are distributing are not the major products that the farmers are producing. For example, in 1978/79, the Imo State Cooperative Wholesale Association Ltd. distributed:

- 8,172 bales of stockfish
- 57,646 cartons of milk
- 38,495 cartons of sugar
- 667,182 bags of cement valued at N 2,068,264
- salt and sardines valued at N 2,061,674

During the same period in Imo State, the Imo State Cooperative Produce Marketing Association marketed 3,000 tonnes of palm-kernel valued at N 398,900 and 870 tonnes of cocoa valued at N 857,000 (see Annual Report).

In Anambara State during the 1977/78 business period, the Anambara State Cooperative Wholesale Association marketed the products listed below and overleaf:

Business Activities of ACWA as at 31st March, 1978

Item	Quantity	Value in N 1,000
Cement: Nigercem	580,000 bags	1,798
Cement: Imported	34,400 bags	109
Peak milk	51,899 cartons	654
Stockfish	7,772 bales	1,283
Salt	398 bags	2
Drinks, assorted	189,000 cartons	890
Rice	18,552 bags	493
Rice Paddy	1,385 bags	36

Item	Quantity	Value in N 1,000
Palm-kernel	25,363 tons	297
Cocoa	12 tons	12
Sugar	2,800 tons	52
		N 5,626

Extracted from Annual Report, 1977/78

One can easily observe that the products marketed by the above two apex organisations are not the strategic products produced by the farmers' cooperatives described in the four local areas presented above. It will be remembered that the cooperatives produce

1. Yams
2. Cassava
3. Maize and vegetables

During my 1979 investigation most of the cooperative members I interviewed complained of problems in marketing maize and cassava. The present apex cooperative marketing organisations are selective in what they market: only the cash crops with high market demand are distributed for the farmers. In my view the Cooperative Wholesale Associations are a consumer cooperative, so agricultural cooperatives can hardly develop under the auspices of the present apex organisations. There is need for better solutions to organised marketing of the strategic food crops produced by the farmers.

I shall give my views on a new approach to agricultural cooperative development in Chapters nine to eleven, the normative part of this work; but it is important to note that there are serious structural problems of "fit" involved in the present strategy for promoting agricultural cooperatives in the ECS through the present apex organisations.

7.4.1.7. Limited Credit to Farmers' Cooperatives

The descriptive analysis revealed that the loans issued to farmers' cooperatives in the ECS are a major resource for them, even though the amounts received are still insignificant. In Imo State during the 1978/79 business year, 299 farmers' cooperatives received loans totalling N 2,000,246 for the production of food crops. This is an average of about N 6,689 per cooperative. During the period there was an average of 54 members per cooperative in Imo, making an average of N 123 per farmer during that season. This average loan per farmer may be compared with the loans presented from the empirical investigations. Generally, loans to farmers are still insignificant, even though they constitute one of their basic motivations to join the cooperatives.

In view of the present subsistence economic activities of the farmers, it will be difficult for them to receive long-term loans adequate for financing major processing activities. It is therefore reasonable to reorganise the cooperatives to enable them to increase capitalisation from within and to start more meaningful processing

and organised marketing activities which can attract more reasonable loans. Such a reorganisation can never come from within the present cooperatives because of the acute deficiency in management initiative. It is needless to emphasize the problematic nature of this situation.

7.4.2. Ecological Constraints

Ecological constraints emerge from the relationship between the primary cooperatives and the social system where they are operating, especially the task environment. This is because a resource dependence relationship exists. Generally, ecological constraints limit the market competitive activities and the formulation of incentive strategies of the fmcs´ studied. Two major ecological constraints will be discussed here.

The first is that of inter-organisational relation problems facing the fmcs´ due to inability to form loose organisations of all parties involved in agricultural production in the local areas of operation. This constraint limits cooperatives´ market competitive activities.

The second ecological constraint is the high economic expectations of ECS cooperative members. The major source of this is the institution of universal rules and norms, that is, in the ECS, traditional expectations. These two constraints are discussed below.

7.4.2.1. The Problem of Inter-organisational Relationships

As I defined it in Chapter three, the operational task environment consists only of those cooperatives whose economic activities are related to those of, but outside the control of, the fmcs´. According to Thompson´s (1967) contingency theory of organisational design, organisations first attempt to control their environment in order to secure it and maintain their market presence. If they cannot do this, they try to adapt to their environment to achieve economic and instrumental efficiency. One of the ways to adapt to the environment is to seek the recognition of the other members of their task environment. Agreement can be reached on certain matters and so the presence of the competitors is guaranteed on the basis of exchange of interests. This is what Thompson calls "domain consensus". With respect to the fmcs´ studied, there are no inter-cooperative market relationships among them, nor with the farmers outside cooperative circles. So market coordination is low. Generally there are no farmers´ interest organisations in the ECS and this can affect the prices farmers obtain for their produce, since they deal with customers individually. Also, the higher price committee authorities decide prices for them.

Another serious problem facing the cooperatives is their failure to find out what their actual mission is in the environment where they are functioning. Awareness of this mission is the first step in attaining domain consensus with other cooperatives and farmers. It is also important to note that concessions in domain consensus can lead to adjustment in regional structures: if new economic opportunities are isolated in the environment, need arises to adapt through structural development.

7.4.2.2. High Economic Expectations in the ECS

High economic expectations constitute a general problem confronting the entire social system of the ECS. Its roots lie in the socio-economic atmosphere and traditional institutions. It becomes necessary to discuss the problem here because it affects the coordinative activities of the primary cooperatives.

In the ECS, people are interested in quick returns, so they try various economic activities in the social system. When their expectations are not satisfied, they continue to look for other alternatives. Okafor (1979) states that

> "at the end of the civil war a lot of people in the Eastern States embraced the gospel of the cooperative movement in the hope of achieving speedy rehabilitation. But when it dawned on them that there were more direct routes to economic recovery, a majority of them threw the garb of the movement overboard and embraced other forms of economic pursuits ... the root cause of the reluctance to join, as well as lack of enthusiasm over membership, is simply the fact that a majority of Nigerians have not accepted the cooperative society as the shortest cut to their social and economic well-being."

Agriculture is the most underdeveloped sector of the Nigerian economy. We could understand that it is the ECS peasant population's high expectations that make them abandon their cooperatives and migrate to the urban centres for trading activities. Nigeria is still a developing nation and has no general social welfare system. People pay for their education, health care, food, etc, themselves, and the struggle to get money is the only way to make a living. So the present socio-economic and political atmosphere affects the establishment of development projects such as cooperatives which require time before they increase the monetary income of their members. When people continue to leave their cooperatives to develop other business interests, their basic motives for joining become partially or totally extinguished.

One approach to this socio-economic problem is to start cooperatives by introducing detailed educational programmes aimed at establishing professional farmers with higher economic incentives, and also by increasing farmers' participation in the present cooperatives' agricultural policies and activities. At present, farmers are merely recipients of policies they do not understand. There is no doubt that Nigerian farmers are still being taken advantage of indirectly.

7.4.3. Technological Constraints

The first technological constraint isolated during my studies in the ECS is that of low mechanisation of the production and marketing activities of the primary cooperatives. Secondly, I shall examine the constraint stemming from inflexibility in organising agricultural cooperatives in diversified areas of agricultural production. The third constraint here is that of deficiencies in human resources in the ECS primary cooperatives.

7.4.3.1. Mechanisation of Production and Marketing Activities

At production level, mechanisation problems include those of replacing present hand-driven equipment with automatic machines such as tractors. These problems have become serious because agriculture is not a popular sector for young school leavers and the present generation of farmers is ageing. Moreover, it is assumed here that the use of tractors would increase farmers' production and they could get more money by selling their products in the market. The major constraint here is how to finance and maintain this machinery. To solve these problems, cooperatives must aim at combining to search for workable, adaptable solutions.

To throw light on the problems involved here, I undertook a study of Lantmännen, a cooperative federation experienced in crop production and marketing in Sweden. Lantmännen also organises sales of agricultural machinery to its members. The experience gained from Lantmännen will be discussed later.

The mechanisation problems at market level are those of purchasing machines for processing cooperators' produce in order to sell it as secondary products. At present, there is virtually no food and agricultural processing in the local government areas: it is considered as an aspect of vertical integration. To introduce processing machines, the cooperatives must also find means for internal capitalisation of financial resources.

7.4.3.2. Flexibility in Agricultural Production and Organisation of Farmers' Cooperatives

The members of the cooperatives studied cultivate mostly cassava, yams and maize. These form only a part of the agricultural produce of the ECS, and there are virtually no cooperatives in the areas of poultry, meat packing, fruits and vegetables and so on. Moreover, as we noted above, processing activities in the local areas studied are insgnificant. Thus flexibility is very low, and this can limit the income of farmers and the number of employment opportunities created in the agricultural sector.

7.4.3.3. Deficiency in Human Resources

Deficiency in human resources is one of the major problems facing primary cooperatives generally in the ECS. I mentioned the dysfunctional effects of this situation for the fmcs' in Chapters four and five. The major effect of this deficiency is that it increases the government departments' and the apex organisations' control of the primary cooperatives, thereby inhibiting innovation in the latter. It can be observed that the deficiencies in the formulation of goals and choice of strategies among the primary cooperatives reflect deficiencies in human resources. Improvement here could improve the present pattern of relationship between the government and the cooperatives, which is based on compulsory contract (see Chapter five). I shall further discuss the human resource constraint in Chapter ten.

7.4.4. Constraints within the Internal Organisation of the Fmcs´

The constraints within the internal organisational systems of the fmcs´, already discussed in Chapters five and six, concern the present Management Committees, the heterogeneous membership, the "approach-and-avoid" behaviour in the organisation of economic activity, etc. Now I shall discuss very briefly the constraint of deficiency in the formation of goals and strategies. Organisational goals are one of the essential elements of an organisational system and since fmcs´ are viewed as organisations, adequate measures have to be taken to formulate their goals.

Deficiencies in the setting of goals among the cooperators are due to the fact that it is the cooperative departments who set the goals for them. So cooperatives are encouraged to pursue goals of whose origins they are ignorant. Another reason for deficiency here is the deficiency in human resources, especially in the Management Committees.

Generally, goals formulated by members are inconsistent. There is confusion between goals and strategies. One reason for this inconsistency is the failure of the cooperatives to understand their m i s s i o n in the communities where they are located. Now, their major mission is to satisfy the needs of their local areas, and this will be the basis for developing their marketing activities. The concept of need (Ansoff, 1965) means the prevalent need in the environment where the economic organisation is functioning and while those who have the needs are the customers. The mission of the cooperatives is to help meet the needs of the local society for food and agricultural production. The ability of the fmcs´ to identify these needs will help them to adopt strategies appropriate to the attainment of their objectives. Thus the objectives of a business organisation and the strategies it adopts can reveal its growth path. This approach will also help identify the markets near at hand, and the adoption of more interrelated diversification strategies.

7.5. Summary and Conclusion

This chapter has investigated the real goals of agricultural cooperatives in the ECS and the activities already undertaken by government and the cooperative movement to realise their intended goals for agricultural development. We have also investigated the constraints that hamper the primary agricultural cooperatives in attaining their real goals. Table 7.4. summarises these discussions.

We have seen in this chapter that the real goals of agricultural cooperatives are those that represent the interests of both farmers and government in cooperative development, since they are the two major goal-oriented (purposeful) participants in the ECS primary cooperative system.

To realise its interests in agricultural development in the ECS, the government has promulgated the cooperative law, created the cooperative departments and the divisional cooperative offices, chosen the fmcs pattern, and helped the agricultural cooperative movement to set up secondary unions and apex organisations for the

Participant in State Agri.Coopt. Syst.	Intended Goals	Real Goals	Activities Performed by Participant	Major Constraints	Types of Constraints
1)Government	Short run Intended Goal 1)To improve & increase the production and supply of food crops and other agricultural products demanded in the society. Long-run Intended Goad To promote an independent agricultural cooperative movement in a state Government area in ECS. Emergent Goal To use Cooperatives in the distribution of essential consumer goods in order to standardise prices in the markets.	The real goal of the government are to improve food and agricultural supply and to motivate the primary cooperative members who function as operatives in the agricultural cooperative system.	1)Promulgation of the cooperative law. 2)Creation of cooperative Department. 3)Creation of Divisional cooperative offices. 4)Training of cooperative inspectors. 5)Recommendation to the cooperative movement the fmcs pattern for promotion of farmers cooperatives. 6)Financing apex coopt Organisations and secondary unions and also supplying them expert managers. 7)Design of incentive strategy based on material inducements.	1)Limited Participation of villagers in cooperative development. 2)Limited distribution of cooperative development agencis in the local areas. 3)Limited education of cooperators. 4)Limited knowledge of cooperative inspectors in formulation of cooperative development strategies. Misinterpretation of the concept of Multi-purpose by Cooperative Dev. Agencies. 5)High centralisation and control of develp.activities by the Govt.Coopt.Dept. 6)Encouraging primary FMCS into secondary unions & apexes with other non-farmers Coopts. 7)Absence of persuasive inducements. 8)Limited intraction of cooperative development	Technological Constraints. Institutional Constraints Organisational Constraints

Agri.Coopc. Syst.					
2) The Agricultural cooperative movement	1)To satisfy the productive needs of members. 2)To help members to market their products at better prices in order to improve their cash income. 3)To improve the bargaining position of members both in the open market and in negotiations with Government policy makers. 4)To distribute Government material aid to members.	To improve socio economic well-being of members through the improvement of food and agricultural production and marketing of members agricultural products at better prices to increase their cash income.	1)Organisation of primary farmers cooperatives. 2)Organisation of small scale agricultural processing units and other economic projects. 3)Attempts by members to market their products collectively. 4)Organisation of secondary unions with other primary cooperatives. 5)Organisation of apex cooperatives with other primary and secondary unions.	1)Heterogenous members in primary societies. 2)Limited cooperative size (Members) in primary societies. 3)The cooperative law of Eastern Nigeria. 4)Goal displacement in secondary and apex cooperative organisations. 5)Deficiencies in inter-organisational relationship (lack of Domain concensus) 6)High Economic expectations of cooperative members. 7)Limited mechanisation of production and marketing activities. 8)Flexibility in agricultural production & organisation of farmers coopera tives. 9)Deficiency in human resources. 10)Inconsistencies in the formulation of goals & strategies	Institutional Constraints Ecological Constraints Technological Constraints Organisational Constraints

purpose of horizontal and vertical organisation of the socio-economic activities of the primary cooperatives. Lastly, the government has designed an incentive strategy based on material inducements.

As to the farmers´ cooperative movement, in order to realise its goals in agricultural cooperative development, the movement has also undertaken certain activities. These are the organisation of primary farmers´cooperatives in some villages, the establishment of some small-scale economic projects, attempts to market crops collectively, and the organisation of secondary unions and apex organisations.

Four major types of constraint have been discussed: institutional, ecological, technological and organisational. The institutional constraints result from governmental cooperative development including those of heterogeneous farmers´ cooperative membership, limited cooperative size, the cooperative law, uneven distribution of cooperatives in the village areas, incentive strategies, etc.

Ecological constraints are those of the cooperative farmers´ high economic expectations and their problems of integrating with other cooperatives and non-cooperative farmers.

Technological constraints are those of deficiencies in human resources, low mechanisation in production and marketing, and inflexibility in organising cooperatives in diversified areas of agricultural production.

The internal organisational constraints are mostly those of inconsistencies in the primary cooperatives´ formulation of their goals and strategies. It was stated that the inability of the cooperatives to identify these constraints and to adopt appropriate strategies for overcoming them has resulted in the present problems facing the fmcs´ in the East Central States.

CHAPTER EIGHT
THE EVALUATION OF COOPERATIVE PERFORMANCE IN THE ECS

8.1. Introduction

This chapter has two main aims: to discuss the concept of cooperative performance in the ECS and to employ the knowledge so gained in an evaluation of the performance of the fmcs' studied. The evaluation follows from the implications of the systems approach methodology applied in Chapter three of this study. The evaluation will afford further insights into the achievements of the cooperative systems studied in the two ECS States. The constraints discussed in Chapter seven, and the information in this chapter, will together form a basis for the design of a new cooperative system, which will be undertaken in Chapters nine and ten, the normative part of this research.

Evaluation of the cooperative forms studied in Anambara and Imo States could be related to

1. the principles of cooperation (see Chapter two)
2. the cooperative law of the ECS (the legal viewpoint)
3. the functional relationship with the larger ECS social system.

Since the cooperatives studied have adopted the cooperative principles and follow the cooperative law of Eastern Nigeria, the evaluation will concentrate on the third point, the functional relationship with the environment. We shall consider the ability of the fmcs' to exist as independent units of organisation capable of achieving their goals and objectives (Chapter seven). This approach is in line with the model of agricultural cooperatives constructed in Chapter two and illustrated in Figure 2.2., and with the social systems theory of organisations adopted in Chapter three to analyse the ECS fmcs'.

A crucial objective from the social systems point of view is to survive in the environment, and this depends on the ability to mobilise resources. The expected achievement of goals is the basis for mobilising the resources needed for satisfying the basic needs that motivate people to join an organisation. Achievement of goals also has a functional relationship with the larger social system. These ideas will be developed for use in assessing fmcs performance.

Discussion of the concept of organisational performance and the factors affecting the choice of criteria for evaluation will be followed by an attempt to operationalize the concept of organisational performence in the ECS. Thirdly we shall evaluate the performance of fmcs' studied.

8.2. The Concept of Organisational Performance

I shall use the term organisational performance synonymously with

organisational effectiveness. According to Scott (1981), to enquire into effectiveness is to ask how well an organisation is doing relative to some set standards. In the views of Georgopoulous and Tannenbaum (1957), the concept of organisational effectiveness (someties called organisational success or organisational worth) is ordinarily used to refer to goal attainment (1). In this sense, it is a functional rather than a structural concept. In continuation, Georgopoulous and Tannenbaum define organisational effectiveness as

> "the extent to which an organisation as a social system, given certain resources and means, fullfils its objectives without incapacitating its means and resources and without placing undue strain upon its members".

The establishment of criteria for evaluation of performance is a controversial issue. The reason for this according to Georgopoulous and Tannenbauam is the closeness with which the concept becomes associated with the question of values. Other problems arise when researchers choose a priori criteria of effectiveness that seem intuitively right, without trying systematically to place them within a consistent and broader framework. These deficiencies in objectivity have led to different views of and approaches to organisational performance being adopted by researchers. It is not my intention to review further all these theoretical conceptions of organisational performance, nor to take sides. As Dubin (1976) (2) stated:

> "organisational effectiveness has a different meaning, depending on whether the organisation is viewed from inside or outside."

My view is therefore that the choice of criteria for organisational performance is a contextual issue, and will depend on the nature of the organisation in question and on the organisational analysis approach adopted by the investigator. Thus I prefer to give my definition after discussing the factors influencing the choice of criteria. It is not the intention of this chapter to go into the current arguments in the ECS on how to evaluate cooperatives in the ECS (see Nwosu, 1979). This chapter will, however, make a contribution to ways of evaluating cooperatives' performance.

8.2.1. Methods of Evaluating Organisational Performance

Both the systems approach and the organisational approach discussed in Chapter two require evaluation of the focal system under study and of its present relationships in order to know the extent of its success with respect to formulated goals. This evaluation of performance is the basis for redesigning the system, and it is preceded by a descriptive analysis of the focal system. I have delayed discussion of methods of evaluation of organisational performance because it required general knowledge of the present situation in the ECS cooperative systems. Now that this knowledge is available, the discussion in Chapter three on the organisational

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1. For other schools of thought here, see Cameron and Whetten, (1983).
2. See Spray: Organisational Effectiveness (1976)

approach will be continued. This discussion is also implicit in the systems approach methods of evaluation of performance (1).

In the literature of organisation theory, two major methodological approaches are discussed in the evaluation of organisational performance. These are the goal model approach and the systems theory approach (see Evans, 1974, Campbell, 1974 and Etzioni, 1962). The goal model approach investigates the goals of an organisation and selects the criteria for evaluation on the basis of the goals isolated from the point of view of the highest organisational leadership who are responsible for goal formulation. The systems approach considers organisational effectiveness as a composite of interrelated goals necessary for the survival of the organisation in the environment. So here the criteria necessary for judging the survival and effective realisation of goals are multiple. Etzioni (2) has further divided the systems theory approach into a survival model approach and an effectiveness model approach. The survival model depicts a set of requirements which, if fulfilled, allow the system to exist. Each relationship is a necessary condition for the functioning of the system. The effectiveness model on the other hand defines a pattern of interrelations among the elements of a system which would make it most effective in the service of given goals.

8.2.2. Factors Influencing the Choice of Criteria for Organisational Performance

The major task in evaluating organisational effectiveness (performance) is to set up the standards by which the performance will be judged. Returning to Scott (1981), four factors can influence the choice of criteria for evaluation of efficiency in an organisation. The first is the diverse conceptions of organisations held by different organisational analysts. Analysts can be influenced by the rational, natural and open systems models of organisations, and this can account for variation in the choice of criteria for measurement. The second factor is the level of analysis to which the analyst is limiting himself. An analyst may limit his interest to sociopsychological, ecological or structural levels of analysis. Each level chosen can influence the choice of criteria. Thus an analyst who is limiting himself to the sociopsychological level would be more interested in choosing criteria that can help him judge the extent to which farmers use the primary cooperatives, and how satisfied they are. The structural level of analysis will centre on evaluating the ability of the cooperatives to exist as independent organisations capable of realising their goals. Finally, the analyst who limits himself to the ecological level will be more interested in the contributions of the cooperatives to the society.

The point of time at which an organisation is evaluated can also influence the choice of criteria for evaluation. An organisation passes through different stages in its life cycle: a farmer's cooperative, for example passes through such stages as production,

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1. See Van Gigch (1974) and Churchman (1974).
2. Etzioni, A.: Two Approaches to Organisational Analysis, ASQ Volume 5, pp. 257-258.

marketing, etc. Any stage selected will influence the criteria for evaluation.

8.2.3. Previous Studies of Cooperative Performance

Important studies of the evaluation of cooperatives in the developing countries are those of Widstrand (1972), Nwosu (1979), Ijere (1974), Dülfer (1974) and Hanel and Müller (1975). Some of the important general observations that can be made from the above studies are that the criteria for evaluation have been influenced by conceptual views about the nature of the cooperatives and their expected functions in the society. Frequently, the criteria chosen are those that reflect the relevance of the cooperative for its members and for the society at large. I shall present the views of Widstrand and Nwosu here. These can be compared with my approach to evaluating the efficiency of the cooperatives studied in the ECS.

Widstrand: On the Problems of Efficiency in the Performance of Cooperatives

Widstrand starts by discussing the term efficiency and how it relates to the concept of effectiveness. Understanding the theoretical implications of these two terms is important in performance evaluation since it can guide action.

'Effectiveness' is generally used in discussing results in combination with the means of achieving them, against the background of the aims and goals of the activity. Such aims may be expected or real. A cooperative movement is effective when it brings about the general aims of cooperation in a country... The effectiveness of a cooperative is thus the degree to which it fulfills the aims set for it.

'Efficiency', on the other hand, is closely linked with the idea of productivity, that is, the relation between the results or achievements and the costs or sacrifices needed to achieve them. The volume of effort is related to the cost.

These two concepts are important in the evaluation of cooperatives. One-sided interest in efficiency problems may result in a better performance but of the wrong tasks. It is possible to be efficient without being effective. A cooperative may be economically efficient but - as has happened - if only a minority of the cooperators profit from the economic efficiency, then the cooperative is not effective. So the difference is that effectiveness is always assessed against a superior aim or goal. To operationalize these two concepts in cooperative assessment, Widstrand uses the concepts of internal effectiveness and external effectiveness.

Nwosu: Socio-economic Criteria for Evaluating Cooperative Efficiency in Nigeria

Nwosu presented the basic problem of whether the cooperative movement should operate, and hence be assessed, basically as a business enterprise, as a social organisation or as some sort of mixed bag. His position is that the cooperative form of organisation basically

accommodates the attributes of a business enterprise, a social organisation, etc. The essence of such an organisation is that it endeavours to satisfy both the economic and the social aspirations of its members following certain principles that may be peculiar to that form of ogranisation. In doing this, the organisation must of necessity be cost-effective, if only to avoid being an instrument for the misallocation of resources.

The author suggests three types of criteria for evaluating the cooperatives in Nigeria:

1. their ability to sustain the authenticity of this form of organisation
2. their ability to satisfy members' aspirations, both social and economic
3. their ability to achieve some relevance in society.

It is important to note that the types of criteria suggested by these authors are influenced by their perceptual views of a cooperative as an organisation, even though they have not systematically presented the theoretical knowledge that led to the positions they have taken. Widstrand, however, mentions the importance of exploiting the literature of administration to guide studies in cooperative assessment. The implication of this is that the criteria suggested by researchers are influenced by their own conceptual views of cooperatives. Hence the possibility of diverse approaches to conceptualizing cooperative performance.

8.3. The Scope of Cooperative Performance in the ECS

The main purpose of evaluating the performance of agricultural cooperatives in the ECS is to learn how well they are performing relatively to the real goals (see Chapter seven) of those promoting them. The chief factors in my choice of criteria for evaluating performance are my view of an agricultural cooperative as a social system in functional relationship with the larger social system (see Chapter three); and also the ecological and structural levels of analysis employed in this study (see Chapter two).

A Definition of Cooperative Performance

The foregoing has now enabled us to suggest criteria for defining cooperative performance in the ECS. My definition with respect to the ECS is

> **the extent to which a cooperative (e.g. an fmcs) as a social system improves (or develops) its operative mechanisms (means) to attain its specified real (organisational) goals and to satisfy the basic interests that motivated its members to join the cooperative.**

This definition subsumes the following elements of criteria for the evaluation of agricultural cooperatives in the ECS:

1. Performance can be related to the extent to which the cooperative has attained the real goal of cooperative development. In the

ECS, this real goal is food and agricultural production, as we saw in Chapter seven. So the extent to which this goal is attained determines the extent of cooperative performance in the ECS, and this depends on the extent to which the cooperatives improve their structural and coordinative mechanisms. Concerning the basic logic of the social systems concept of organisation (Parsons, 1956), the attainment of food and agricultural production goals by agricultural cooperatives in the ECS should be the basis for their functional legitimacy. The ECS governments will be interested in this element of evaluation since it is they that promote the cooperatives.

2. Another element of criteria for evaluating performance as I have defined it is the extent to which the cooperative satisfies the basic interests of its members. In the real-world situation of the ECS, I found that not all members of the fmcs´investigated are farmers, and their economic projects may or may not be related to agricultural production since the aim of setting them up is to improve the cash incomes of the members, who are engaged in other petty trades. Even where the members are farmers, they sell parts of their agricultural production in order to earn cash to support their productive and family needs. It is my view that where cooperatives continue to improve the incomes of members, these will be willing to continue as members. This is in line with the social system concept where an organisation is viewed as a coalition of collectivities capable of achieving specified goals while its members are simultaneously engaged in the other activities required for maintaining themselves as independant units within the larger social system. It was observed that an agricultural cooperative in the ECS exhibits this basic characteristic as regards the socio-economic relationships among its members (see Chapters five and six).

8.3.1. Criteria for Evaluating the Performance of Fmcs´ in the ECS

The premise for my evaluation of fmcs cooperatives´ performance in the ECS is the ability to survive and attain functional goals in the society. So fmcs´ performance is to be evaluated by their ability

a) to achieve the real goals of ECS cooperative development
b) to satisfy the basic interests of members.

8.3.1.1. The Ability to Achieve the Real goals of ECS Cooperative Development

In Chapter seven it was stated that the real goal of the government and the cooperative members for cooperative development in the ECS is food and agricultural production. The achievement of this is the measure of the effectiveness of cooperative performance.

This is in line with the views of Widstrand quoted above, and is also reflected in the structural contingency view in organisational analysis (Pfeffer, 1982, Barnard, 1938 and Thompson (1967). According to Barnard:

> "what we mean by 'effectiveness' of cooperation is the accomplishment of the recognised objectives of cooperative action. The degree of accomplishment indicates the degree of effectiveness..."

On the basis of this definition, Barnard distinguishes between "effectiveness" and "efficiency":

> "The efficiency of a cooperative system is the resultant of the efficiencies of the individuals furnishing the constituent efforts, that is, as viewed by them. If the individual finds his motives being satisfied by what he does, he continues his cooperative effort, otherwise he does not ... The life of an organisation depends upon its ability to secure and maintain the personal contributions of energy ... necessary to effect its purposes."

Commenting on the assessment of an organisation, Thompson says that it is necessary to distinguish between economic and instrumental efficiency questions. The present literature on organisations gives considerable attention to the economic dimension of efficiency but hides the importance of instrumental efficiency, which in fact takes priority. So Thompson (1967):

> "The essence of the instrumental question is whether the specified actions do in fact produce the desired outcome ... The economic question in essence is whether the results are obtained with the least necessary expenditure of resources, and there is no absolute standard".

The instrumental question can be seen from the viewpoint of the definition of "effectiveness", while the economic question can be linked with "efficiency". Using the above definitions, we can, then, state that for an organisation to survive there is need to strive for effectivity and efficiency; or, on Thompson's view, for instrumental and economic efficiency. These are the two major dimensions of organisational assessment.

Effectiveness here depends generally on the level of structural development in an organisation, which is fundamental to the achievement of the economic incentives used to motivate the organisation"s members. In agricultural cooperatives, structural development is of great importance, since it determines to what extent membership economies are integrated into the functional organisation.

The Problem of Measuring Real Goal Attainment (Effectiveness) in Fmcs

One direct measure of goal attainment here would be to collect data on the total quantity of food and other agricultural products produced in the local government areas studied and then compare them with the output of non-cooperative farmers. My experience of the true situation of the activities of cooperatives in the ECS indicates that this measurement would be highly deceptive. One reason for this is that when the cooperatives are seeking loans, they intensify their farming activities; but after receiving the loan, they may not even

farm the next year. So some cooperatives function as ad hoc organisations with their main interest in government credits. It must be remembered that not all cooperative members are farmers. Also, government cooperative department production reports cover only the communal cooperative activities of members. Individual members' activities, although indirectly serviced by cooperatives, are not recorded. In the ECS it is difficult to find a cooperative establishment functioning on a day-to-day basis as a productive and marketing organisation. This combined production and marketing goal is implicit in the formulation of government development goals, and it cannot be measured directly.

Direct measurement of the quantity of food and agricultural production of fmcs' does not reveal the non-material contributions of cooperative development in the villages. These can be both latent and manifest, and can be measured by attendance, investment and other acts of innovation in the villages. Finally, it is not usual for village farmers to keep records of their productive activities, so direct measurement of food and agricultural production would be difficult: we have nothing to compare with. Remember also that some fmcs economic activities, e.g. distribution of essential commodities, weaving, lie outside agricultural production.

The above problems have led me to suggest using the concept of structural development to measure the ability of fmcs' to achieve their real goals. This is an indirect measurement; but structural development is crucial to the achievement of organisational goals. For cooperatives of the service type, which fmcs'are, I consider the degree of structural development a better measurement, since economic efficiency is achieved indirectly in organisations of this type. To measure the concept of structural development, it has been related to the input resources and other transformation elements through which the cooperatives can achieve their real goals. There are both quantitative and qualitative aspects of these elements, but since they grow and develop gradually, there are no absolute standards by which success and failure can be measured. Instead, I have selected indicators that can tell us the direction of cooperatives' size and growth tendencies.

Indicators of Structural Development in ECS Fmcs'

The indicators selected for measurement of the level of fmcs structural development are:

- the level of integration of socio-economic activities
- the scale of business operations
- the quality of relationships between fmcs' and divisional cooperative councils and apex cooperative organisations
- the level of specialisation
- cooperative management
- the non-material dimensions of cooperative management.

These are very briefly discussed below.

It is reasonable in an evaluation of fmcs' structural development to assess the level of integration of the socio-economic activities of

membership family enterprises with the cooperative enterprise. This means that general consideration should be given to functions performed by the cooperative enterpise for the private economic units of members. I consider this important because, as a multi-purpose cooperative, the fmcs falls within the theoretical classification service cooperative. So fmcs´ are seen as complementary educational models in developing economies such as the ECS.

The scale of business operations carried out by a cooperative organisation is affected by the degree of structural development within that organisation. Measurement of the size of membership, which has already been mentioned, is very important here because it influences the unit scale of business operations. Under the heading of scale of business operations we can also assess the share capital, cumulative capital and level of assets accumulated. These variables have relevance for the scale of business operations undertaken by a cooperative organisation.

We turn next to the quality of the fmcs´ relationships with the divisional cooperative councils and the apex organisations. These are aspects of structural development in primary fmcs´ since they influence the fmcs´ major investment strategies. We can assess these relationships in order to understand their economic relevance for the primary cooperatives, which are the owners of the secondary societies.

The level of specialisation in the primary cooperatives studied can also give insight into their degree of structural developemnt. Where cooperatives are specialised, we can assume that they may adopt meaningful diversification strategies, which is essential for viable economic operations in the environment and strategic reaction to competitive pressures from other economic organisations.

The next point, the present situation of cooperative management, is another indicator of structural development. A cooperative-oriented, competent and dedicated management is needed. This could improve the level of decision-making in the cooperative, also lowering the cost of operations depending on cooperative form. Competent management is also a precondition for a cooperative´s ability to maintain the internal and external relationships necessary for its survival in the economic environment.

Finally, a cooperative is also a segment of the general concept of cooperation, so it is important to examine the level of solidarity among members in a village and to note areas of cooperative innovation explored. This could be a measure of the non-material dimension of cooperative development, and it is an aspect of structural development both in the primary cooperatives and in society.

8.3.1.2. Fmcs´ Ability to Satisfy Members´ Basic Interests in Joining Them

Apart from structural development, we need to evaluate the level of satisfaction cooperative members derive from membership. This is a measure of fmcs efficiency, as was clear from Barnard´s definition of

the efficiency concept quoted above. To measure this degree of efficiency in the real world does not require interviews with all the members of a cooperative: we can base our evaulation on the extent to which the fmcs' achieve their members' common objectives since agricultural cooperatives are organised to deal with member farmers' common problems.

The 'typical farmer' in the last chapter holds back some food crops for family consumption, and sells some for cash which is very important for meeting the needs of his farm and other family and societal responsibilities. We assumed that these needs constitute the motivations of people to join farmers' cooperatives. However, because of heterogeneous membership, we can also assume that non-farmer cooperative members are motivated only by the prospect of a cash income from the cooperative; and the nature of the small-scale economic projects that members set up reveals that cash income is a major attraction, since most of these projects, e.g. weaving, provision stores, restaurants, have no relationship with members' family economic enterprises.

In the ECS there is need to assess efficiency so as to be able to consider the level of the net surplus generated by the farmers' cooperatives. This is the precondition for the cooperatives to declare a "members' bonus" as described in the Cooperative Law of Eastern Nigeria, which defines net surplus as

> 'the difference between income received or accrued during the financial year and the total of expenditure made or accrued during the year and provisions and allowances for the depreciation of fixed assets or the writing off of losses or bad debts and for the creation of maintenance of reserves against bad debts or depreciation of stocks".

The law defines members' bonus as

> "a share of the net surplus of a registered society divided among its members in proportion to the volume of business done by them with the society from which the surplus of the society was derived".

So the above criteria concerning the non-material dimensions of cooperative management require us to consider all the activities necessary for generation of fmcs cash income. These are shown in Figure 8.1. overleaf, and they centre on production and marketing activities which are necessary for achieving a satisfactory level of both effectiveness and efficiency. There is also the relationship between the cooperatives and other external components, e.g. government and apex organisations.

Fig 8.1.: Major Productive Activities of an Fmcs

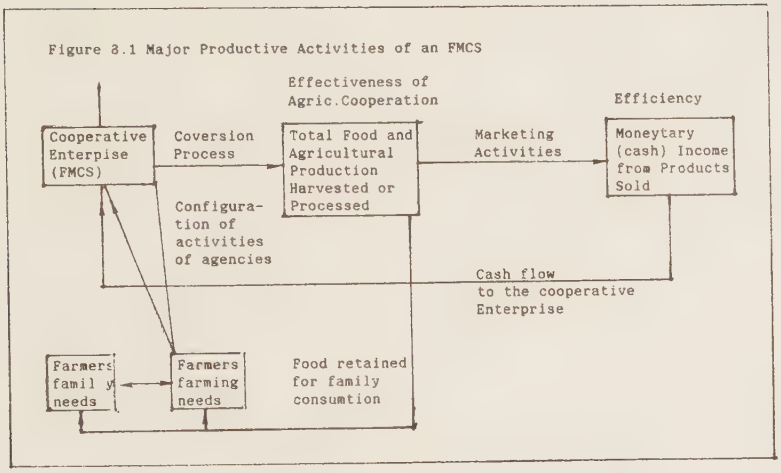
Figure 8.1 Major Productive Activities of an FMCS
Effectiveness of Agric.Cooperation
Efficiency
Cooperative Enterprise (FMCS)
Coversion Process
Total Food and Agricultural Production Harvested or Processed
Marketing Activities
Moneytary (cash) Income from Products Sold
Configura-tion of activities of agencies
Cash flow to the cooperative Enterprise
Farmers famil y needs
Farmers farming needs
Food retained for family consumtion

However, measurement of net surplus does not give the whole picture of the degree of efficiency in an fmcs, especially where the organisational structure is individual member´s promotion or combined operations (see Chapter five). In these two types, the cooperative renders substantial productive and marketing services to members. These services can affect individual members´ economic returns indirectly, but they are not recorded by the cooperative organisation. However, in fmcs´ that operate on the communal approach, the net surplus can be viewed as a true measurement of the degree of economic efficiency. These cooperatives function as workers´ production societies and the basis of cooperation is to improve members´ cash incomes and to secure government material aids. Consequently the cooperatives are organised on the basis of capital-intensive economic projects not related to agriculture, and measurement of degree of efficiency based on net surplus could be viewed as appropriate here.

From the foregoing discussion of performance assessment criteria, we can observe that the concepts of "effectiveness" and "efficiency" overlap when operationalized. However, it is up to the researcher to make the appropriate demarcation between the two concepts. Any attempt to evaluate the fmcs´ in the ECS will select the most appropriate indicators of level of structural development and monetary income of the societies, since these are two criteria necessary for the survival of an organisation in a society.

Indicators of Monetary Income of the Cooperatives Studied

The cash-income-objective behaviour in fmcs´ is easily observed from

the kind of objectives and goals they formulate and pursue. Moreover, the ECS governments, which also are responsible for the promotion of these cooperatives, view them as business organisations within the limitations of the cooperative law (see Chapter four).

This indicates the need to make a profit performance analysis from the net surplus reported in the final accounts of the cooperatives. It is normal for the cooperatives to keep monetary accounts of their yearly economic transactions. With the help of the cooperative inspectors, a final account is prepared at the end of the business year.

The ability of the cooperatives to generate increased monetary income is very important for their survival in the economic environment. To select indicators for the assessment of the rate of money returns, we shall consider profitablity ratios. These are returns on share capital, returns on assets employed and returns on total assets. These ratios can be derived from the net surplus, which will be discussed below.

With reference to the definitions of rural development given in Chapter one, our interest in the ratios generated will be in the changes in trend. Moreover, since this is a study of cooperatives in four local government areas, comparisons will be made with what is happening generally in the States studied or elsewhere. The other source of evidence for the economic returns of the cooperatives studied is assessment of the effect that the cooperative education received by members has had in improving their individual private economies. While such an assessment is not contemplated here, it is necessary to mention it.

8.4. Evaluation of Fmcs' Performance in the ECS

Techniques for evaluation (1) can be developed from three types of evaluative approach. These are process evaluation, impact evaluation and comprehensive evaluation. Process evaluation concentrates on assessing strategies or programmes implemented according to planned guidelines. Impact evaluation assesses the difference (changes) a programme has made in the area of implementation with reference to formulated objectives. Comprehensive evaluation is a combination of process and impact evaluation.

Impact evaluation is the type chosen here. Time limitations, the social systems model employed in this study and the present relationships in ECS cooperative systems have made it impossible to undertake a process evaluation, even though its demands are implicit in impact evaluation. The social systems view of organisations is more interested in the present relationships that are necessary for survival.

8.4.1. Limitations in Data for Evaluation

The evaluation of performance to be carried out here is handicapped by limited data. We have already seen that it was impossible to gather all the data hoped for from the cooperative offices, e.g. figures on food crops produced by the cooperatives to compare with

8.4.1. Limitations in Data for Evaluation

The evaluation of performance to be carried out here is handicapped by limited data. We have already seen that it was impossible to gather all the data hoped for from the cooperative offices, e.g. figures on food crops produced by the cooperatives to compare with those of other village farmers. Only Oru local government area could offer eight cooperatives with complete financial accounts for two consecutive years. Oguta and Ihiala produced seven cooperatives each, Nnewi four. Most disturbing is that a cooperative which prepares its accounts one year may not do so the next. This affects trend analysis and also means rejecting data since one is not treating the situaion individually but cumulatively. For these reasons, only limited evaluation will be undertaken here.

8.5. Evaluation of Structural Development Performance

Although the present study has concentrated on community council level (see Chapter three), the evaluation will also include observable activities at both local government and state government levels. This is because cooperative development components are located at all three levels of development.

8.5.1. Structural Development Performance at Community Council (subsystems) Level

Structural development performance at this level is evaluated by:

1. Number of fmcs' and membership size
2. Degree of integration of economic activities
3. Share capital performance
4. Cumulative capital performance
5. Assets accumulated
6. Relationship with apex organisations
7. Specialization in fmcs'
8. Attendance

Numbers of Fmcs' and Membership size

Tables 8.1.A. and 8.1.B. below compare the number and membership of registered societies in the four local government areas studied, from 1975 to 1979. Within these four years the four local government areas made progress in the number of registered societies. This increase may be explained by continued government material incentives to the cooperative movement, together with a larger spread of information through the mass media about cooperative opportunities.

There was also a general increase in membership, with the exception of Ihiala in Anambara State. The reason for the Ihiala membership drop can be related to the constraints of high expectation discussed in Chapter seven. The DCO in Ihiala mentioned that people there were not interested in cooperative development, and a villager commented:

> "... look around the village and show me any person who has become a man through farming. I buy food from the market with the money I get by being a mason..."

People abandon cooperatives when their economic expectations are not satisfied.

It can also be observed from Table 8.1.A. that average membership in the cooperatives is low. The reasons could be related to the institutional constraints inherent in organising fmcs' at the lowest village groupings with low levels of infrastructural development. Also, low membership can be linked to the constraints of conflict among villagers and to the present government incentive strategies discussed in Chapter seven. The case of Ihiala seems more serious because more people appear to be leaving the cooperatives than joining. Although there is increase in the number of cooperatives, average membership has dropped.

In Nnewi more people joined existing cooperatives during the period under discussion. This can have a positive influence on the cumulative capital build-up since compulsory thrifts and savings will increase, as will share capital and other economic holdings. However, both Ihiala and Nnewi are below the state averages of 67 and 72 for fmcs' and cumulative societies respectively in Anambara State. Both Oguta and Oru compared well with the cumulative averages of 52 for Imo State, 1978/79, although Oru's average dropped.

Table 8.1.A.: Growth Performance of Primary Societies in the Four Lga's Studied, between 1975 and 1979

LGA	Year	Total No. of Coopts	Total No. of Mem	Average Mem per Cooptvs	FMCS	Mem	Average Mem per FMCS
Ihiala	1975	28	2,040	73	22	1,881	86
Nnewi	"	19	1,112	59	17	908	53
Oguta	"	27	1,337	50	19	1,060	56
Oru	"	40	2,446	61	13	1,389	107
Ihiala	1979	42	1,513	36	29	933	32
Nnewi	"	42	2,911	69	28	1,745	62
Oguta	"	47	3,049	65	46	3,017	66
Oru	"	52	3,106	60	39	2,192	56

Source: Annual Reports of Cooperative Departments, Enugu and Owerri.

The cumulative performance of 27 fmcs' from 1977 to 1979, which were studied in the ECS (Table 8.2. below) reveals that membership increase in the four local government areas was not brought about by people entering existing cooperatives, but by the organisation of new ones. This is borne out in Table 8.1.A.

Table 8.1.B. Relative Increase in Number and Membership of Primary Cooperatives in Four LGA's Studied in the ECS, 1975-'79

LGA	Year	No. of Cooperatives	Membership	FMCS	Membership
Ihiala	1975	50%	-25.8%	31.8%	-50%
Nnewi	"	121%	161.7%	64.7%	2.8%
Oguta	"	50%	128%	142%	184%
Oru	"	30%	27%	200%	57%

Source: Cooperative Departments, Enugu and Owerri

Table 8.2. Average Annual Rate of Increase in 27 Fmcs' in the Four Local Government Areas Studied

No. of Coop.	1977	1978	1979	% Average Annual Increase
27	1,361	1,614	1,617	9

Source: Cooperative Departments, Enugu and Owerri

Table 8.3. Membership of Cooperative Societies Registered in Nigeria, 1955-1976

Year	No. of Societies	Membership of Societies	
		Total Membership	Average per Society
1954	1,612	86,563	54
1956	2,373	120,518	51
1958	2,941	157,103	53
1960	3,269	193,214	59
1962	4,057	279,115	69
1964	4,897	296,117	60
1970	7,898	430,377	55
1976	10,591	589,775	56

Source: Okafor, 1979

To support this observation, note that there is an almost static average annual membership increase from 1977 to 1979 (see Membership Tables in Appendix six). This situation does have some influence since it can imply limitations in growth of share capital and of the cumulative capital fund, which also affects the scale of business activities.

I have information on the national averages for cooperative membership only for 1976, which is shown in Table 8.3. above. Comparing with the 1979 averages of the local governments studied, we see that only Nnewi and Oguta were above average. Generally, cooperative membership in the whole of the ECS is small, even in consideration of the 1977 average of 72. By comparison with fmcs' in other countries, developed and developing, these figures are insignificant. For example, in Kurdistan, Iran, Hanel and Müller (1976) reported a membership of 420, while the only agricultural multi-purpose cooperative in Sweden, Nedre Norrlands producentförening, had a membership of about 6,000 farmers in 1980. Action should be taken to increase membership of the existing ECS cooperatives, since membership is the most important part of a cooperative and present ECS strategies are oriented towards increasing the number of cooperatives rather than the size. Numerical increase signifies little but the willingness of people to join existing cooperatives.

The Degree of Integration of Economic Activities within Fmcs'

The general degree of integration of economic activities within fmcs' is very low. Most of the fmcs' studied only render credit services to members where, as discussed under technological constraints(Chapter seven), productive input and marketing services to members are absent. This low degree of integration may be related to the constraints of heterogeneous membership. Not all members are interested in agricultural production, so the basis of cooperation relies on the cooperatives' credit functions.

Share Capital Performance

Both share capital performance and cumulative capital performance are very poor in the fmcs' studied. The reason may be the limited size of membership and the low degree of integration of input and marketing activities in the cooperatives. Since members have other interests outside cooperatives, they invest where economic returns are higher.

Table 8.4. overleaf shows that the average share capital for the respective local government areas studied is below N 2,000. The exception is Oguta in 1979, when this variable reached N 2,816. However, average share capital for Ihiala and Nnewi in Anambara State, 1977/78, is above the average of N 1,312 (1) for all farmers' cooperatives in the State. At the same time the Ihiala and Nnewi average is below the average share capital of N 1,836 (2) for all primary cooperative societies in Anambara during the 1977/78 business year.

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1. See Annual Report, 1977-1978
2. See Table 4.4.A.

With respect to Oru and Oguta in Imo State, the average share capital of the two local government areas is above the average state share capital of all primary societies, N 1,697 (1) during 1978/79 (Divisional Headquarters, Owerri, Nov.1979).

Table 8.4. Average Share Capital of Cooperatives Studied, 1978-1979

LGA	No. of Cooperatvs.	Average Sha.Cap. 1978	Average Sha.Cap. 1979	% Average Annual Increase
Ihiala	7	1,493	1,571	5.25
Nnewi	4	1,678	-	113.29
Oru	8	1,824	1,929	5.74
Oguta	7	1,671	2,816	68.47
Totals	26	5,775	7,994	38.43

Source: Derived from final accounts of cooperatives studied.

+ Nnewi share capital in 1977 was N 786.60 and 113.29% was the 1977/78 annual increase.

Table 8.5. Increase in Cumulative Capital of Fmcs' Studied, 1977-1978

Local G.A.	No. of Cooperatvs.	Cum Cap. 1978	Cum Cap. 1979	% Increase in Cum Cap.
Ihiala	7	16,524	21,364	29.29
Nnewi	4	9,968	-	85.81
Oru	8	27,858	27,152	-2.53
Oguta	7	19,940	26,303	31.91
Totals	26	74,290	74,819	0.71

Source: Derived from final accounts of cooperatives studied.

1. Low % increase is influenced by the Nnewi cumulative capital, which was unobtainable.
+ Nnewi cumulative capital in 1977 was N 1341.19 and 85.81% is the 1977/78 annual increase.

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1. See Table 4.3.B.

Table 8.6. Average Annual Cumulative Capital of Fmcs' in Local Government Areas Studied

LGA	No. of Cooperatvs.	Aver.Cum Cap. 1978	Aver.Cum Cap. 1979	% Increase in Cum Cap.
Ihiala	7	2,361	3,052	29.29
Nnewi	4	2,492	-	86
Oru	8	3,482	3,394	-2.53
Oguta	7	2,849	3,758	31.91
Totals	26	2,857	3,401	19.02

Source: Derived from financial accounts of cooperatives studied.

+ Nnewi cumulative average capital for 1977 was N 1,341 and 86 is the Nnewi % annual increase for 1977/78.

Cumulative Capital Performance

With the exception of Nnewi with a cumulative average capital of N 1,341 in 1977, the average cumulative capital of Ihiala and Nnewi are above the Anambara State 1977/78 average of N 2,460 for all primary cooperative societies. This means that capital is increasing for cooperatives in Ihiala and Nnewi. At the same time, the average cumulative capital of Oru and Oguta during 1978/79 was above the Imo State average which, for all cooperatives, was N 2,149. However, the capital fund of Oru dropped by 2.5% while that of Oguta rose by 31%.

Despite signs of improvement, capitalization is generally weak in terms of one-cooperative unit organisation. Considering the average capital fund, we quickly realise that cooperatives cannot finance meaningful activities such as processing and marketing in their rural areas. Even in the small private non-cooperative organisations, capitalization could be higher than that of the cooperatives studied. So if the cooperatives are to engage in meaningful economic activities, they need to integrate their present activities.

Total Assets Performance

Performance of the total assets of fmcs' in the local government areas studied is appreciable despite the negative signs in Oru LGA, where the situation can be related to a sharp drop in average membership. The present situation of the cooperatives studied in the four areas is shown in table 8.7. overleaf.

Table 8.7. Total Assets Performance of Cooperatives Studied in the four Local Government Areas, 1978-1979

LGA	No of Cooptv.	1977	1978	1979	% Increase
Ihiala	7	-	14,197	29,164	105.43
Nnewi	4	6,258	9,495	-	51.72
Oru	8	-	48,695	45,530	-6.50
Oguta	7	-	22,891	30,140	31.67
Totals	26	6,258	95,278	104,834	22.21

Source: Derived from financial statements of cooperatives studied.

+ Excluding Nnewi cooperatives. 51.72 is the Nnewi % annual increase for 1977/78.

In Chapter one we said that economic development aims at increasing the productive assets (investment power) of the economy concerned while creating sufficient demand for the goods and services produced. In terms of the ECS rural economy, we can say that a continued increase at the rate indicated in Table 8.7. would represent a positive contribution to development.

Table 8.8. below shows that the primary societies studied invest mostly in local secondary and apex organisations. In Ihiala during the 1977/78 business year, all investment was in the secondary and apex organisations in Anambara State. In Nnewi it was 90% during 1977/78. Between 1978 and 1979 in both Oru and Oguta the proportions were 74% and 76% respectively.

It is remarkable that none of the cooperatives studied has received dividends on these investments for the periods investigated here. We have already observed (Chapter seven) that the secondary and apex organisations are not really helping the cooperatives to market their products. Where they do help, it is difficult for the cooperatives to get the proceeds of sales of their produce.

This research regards the organisational relationships between the primary cooperatives and the apex organisations as very important. An apex is a major operational instrument for structural extension of primary cooperative organisations through the economic activities it performs for them. If the concept of fmcs were to be fully implemented in the ECS local government areas, there would be no need for the present apex organisations, in which the primary cooperatives seek membership and invest. In the economic theory of cooperatives, the idea of fmcs is for them to take up vertically and horizontally integrated economic activities in their spheres of operation, under

the skilled management of the regional cooperative establishment.

Management is what the present local government area divisional cooperative councils are supposed to be doing, but because of low organisational innovation, they have abandoned even the organisation of agricultural marketing to the mercy of individual cooperatives with interim, low-skilled Management Committees.

Table 8.8. Investment of Fmcs' Studied in Secondary and Apex Organisations

LGA	1977 Amount	% of Total Invst	1978 Amount	% of Total Invst	1979 Amount	% of Total Invst
Ihiala						
1.Share in Sec.U			653	30	1,252	28
2.Share in Ap.Org.			1,532	70	3,203	72
3.Other Invsts.			-	-	-	-
4.Total Invsts.			2,185	100	4,455	100
Nnewi						
1.Share in Sec.U	730	37	730	24		
2.Share in Ap.Org.	1,044	53	2,180	72		
3.Other Invsts.	200	10	108	4		
4.Total Invsts.	1,974	100	3,018	100		
Oru						
1.Share in Sec.U			520	10	520	7
2.Share in Ap.Org.			3,423	64	6,005	80
3.Other Invsts.			1,369	26	1,000	13
4.Total Invsts.			5,822	100	7,525	100
Oguta						
1.Share in Sec.U			516	13	567	12
2.Share in Ap.Org.			3,005	73	3,130	64
3.Other Invsts.			589	14	1,199	24
4.Total Invsts.			4,110	100	4,896	100

Source: Derived from financial statements of cooperatives studied.

Apex and secondary organisations relevant to farmers are those that are organised on the lines of agricultural coperative development. Concerning the present apex organisations, I can only conclude that the primary cooperatives are merely helping to pay their administrative overheads. My views on improvement in this area are given in the next chapter, but I stress that the present relationships with apex and secondary organisations are seen here as manifestations of low structural development in the primary cooperatives studied.

Specialisation in Fmcs' Studied

I have already mentioned the lack of specialisation and the small

unit scale of business activity among fmcs'. Most cooperatives have not specialised in any branch of agricultural production, so they have not contributed to the division of labour in the agricultural sector of the rural economy. This lack of specialisation is due to deficiency in education and, coupled with low flexibility, will make it difficult for these cooperatives to maintain themselves for long in their economic environment.

Attendance in the Fmcs' Studied

It was difficult during the investigation to get information on attendance at cooperative meetings. Each society is supposed to hold monthly general and Management Committee meetings. Attendance is viewed here as a measure of member group solidarity, and this is very important for the survival of the cooperative organisation. The information obtained from interviews and records has given some information about attendance, but this varies between cooperatives.

Some fmcs' with members living outside the community council areas have made other arrangements for when to hold meetings since it is not possible to have them regularly. One cooperative president interviewed told me that his society holds an Annual General Meeting after Christmas since it is then that most members are in the village. This cooperative operates on a communal basis, using external labour to operate economic projects, while the members only contribute capital.

The problem of attendance is quite easy to understand generally. The cooperators cannot make a living from the cooperative, so they go elsewhere to find jobs. This difficulty has made communal-approach fmcs' change to the individual members' approach on cooperative lines. To improve this situation, it is important to adopt a membership policy oriented to developing the small farmers' economies and limiting membership to those farmers residing in the areas of cooperative location. This would go a long way to improving fmcs attendance.

8.5.2. Structural Development Performance Evaluation at Local Government (Total Systems) Level

The relationship between the secondary unions - the divisional cooperative councils - at the local government level and the primary fmcs' is inflexible, which is considered as a constraint (see Chapter seven). This is because the major coordinative strategy at this level is based on the standardisation of rules and regulations (Chapter four). This in turn is because of the deficiency in fmcs' human and capital resources, which increases government control. This situation reduces flexibility between cooperatives, divisional cooperative councils and government divisional cooperative offices, with consequent inhibition of structural development.

The situation can be improved by balancing the level of decision-making between cooperatives, councils and offices, since it is not appropriate for the government divisional cooperative officers to be heading their offices and at the same time functioning as Managing Directors of the divisional cooperative councils (secondary

unions) which are owned and organised by the farmers.

8.5.3. Structural Development Performance Evaluation at State Government (Whole Systems) Level

Of vital importance at the whole-systems level is the relationship between the apex cooperative organisations and the primary cooperatives (fmcs') at the community council level. We saw in Chapter seven that this relationship is not functional for the development of primary fmcs' because it inhibits specialisation and also increases administrative overheads, thus limiting the declaration of dividends to fmcs'. For this reason we consider it inappropriate for all types of cooperative organisations to form apex organisations together, since this adversely affects the level of specialisation. We consider that apex organisations should be formed according to areas of specialisation. This could help improve the present services of the apex organisations (especially those of the consumer and wholesale association and the cooperative produce marketing association). This situation is discussed more under investment in appex organisations.

8.6. Economic Performance (Monetary Income)

The four tables presented below show the profitability ratios employed to evaluate performance in the primary societies studied. The tables have been calculated from the cooperatives' financial reports.

Table 8.9.A. Profitability Ratios for Seven Fmcs' Studied in M Ihiala Local Government Area, 1978-1979

No.	Profitability Ratios	Percentage 1977/78	Performance 1978/79
1	Return on share capital	5.48	40.31
2	Return on total assets	4.03	15.20
3	Return on assets employed	4.76	17.94

Table 8.9.B. Profitability Ratios for Four Fmcs' in Nnewi Local Government Area, 1977-78

No.	Profitability Ratios	Percentage 1976/77	Performance 1977/78
1	Return on share capital	12.94	20.89
2	Return on total assets	6.50	14.76
3	Return on assets employed	9.08	21.29

Table 8.9.C. Profitability Ratios for Eight Fmcs' in Oru Local Government Area, 1978-79

No.	Profitability Ratios	Percentage 1977/78	Performance 1978/79
1	Return on share capital	0.91	4.83
2	Return on total assets	0.27	1.64
3	Return on assets employed	0.30	1.91

Table 8.9.D. Profitability Ratios for Seven Fmcs' in Oguta Local Government Area, 1978-79

No.	Profitability Ratios	Percentage 1977/78	Performance 1978/79
1	Return on share capital	21.69	12.92
2	Return on total assets	12.67	7.25
3	Return on assets employed	14.97	8.26

Return on share capital is derived by taking net surplus as a percentage of paid-up share capital. Return on total assets is also derived by relating net surplus to the total assets accumulated. Finally, return on assets employed is obtained by subtracting the investments over which the primary cooperatives have no direct control from the total assets. In the present situation such investments are the shares in secondary unions and apex cooperative organisations. Also, to derive the return on assets employed, returns from the investments over which the cooperatives have no direct control must be substracted from the net surplus.

It can be seen that Oguta declined in 1978/79, especially in Return on total assets, which is a measurement of efficient management of the resources employed. Oru, which has the lowest ratios, also showed signs of improvement, while Ihiala and Nnewi showed reasonable improvement. However, the Return on total assets is the most important variable here, and in this respect Oru can be considered very low in the management of resources.

In his study of seven primary cooperative organisations selected from six local government areas, Okafor (1979) obtained a return-on-total-investment ratio of 10.61% for 1976/77, which he

compared with the average return on assets of 23.02% achieved by a sample of fifty enterprises in Nigeria the same year. In relation to this, Ihiala did well in 1978/79 and Nnewi did well in 1977/78.

8.7. Overall Performance Evaluation

Two major criteria were adopted for the evaluation of fmcs' studied in the ECS: their ability to achieve their real goals and their ability to satisfy the basic interests of members in joining them. A third criterion, their ability to maintain the basic characteristics of a cooperative, was not considered because the fmcs' were already viewed as such, adopting as they do the cooperative principles recognised by the International Cooperative Alliance (ICA) and being registered legally as cooperatives in the ECS.

The ability of fmcs' to attain their real goals was evaluated according to the level of structural development (i.e. instrumental efficiency) they exhibit. Members' satisfaction was evaluated by the extent of economic income (level of profitability) members receive from fmcs'. Net surplus was employed as the indicator here. However, it was mentioned that profits are not a complete measure of the efficiency of agricultural cooperatives of the purely service models, e.g. the integrated model (combined operations approach) and the individual member's promotion cooperative approach.

My view here is that a reasonable evaluation of mult-purpose cooperatives should lay more emphasis on the instrumental question (level of structural development) than on economic efficiency (profits) because economic efficiency is achieved by cooperative members indirectly. The cooperatives, especilly the functional establishments) must be seen physically as reference organisations in the villages actively engaged in agricultural development activities. This is the precondition for achieving economic efficiency by both the cooperative organisations and their members. The achievement of instrumental efficiency and economic efficiency simultaneously by both the cooperative organisations and the members' economies is imperative for the survival of cooperatives in environments such as the ECS, Thus in any evaluation of cooperatives we must view efficiency as having two dimensions, instrumental and economic.

A careful study of the information presented in Chapters five, six and seven will reveal that primary cooperatives in the ECS function as if they were synthetic organisations, that is, ad hoc organisations - see Thompson, 1967. A synthetic organisation is one set up during a period of disaster or social unrest in order to help meet pressing needs. It can be dismantled after the assignment is completed. An example is the relief organisations. However, the primary cooperatives in the ECS can be viewed as modified forms of synthetic organisation because of their persistence in the ECS economic environment. Basically, the background is the same.

According to Thompson, a synthetic organisation

> "rapidly develops structure to the point where coordinated action is instrumentally rational, with resources deployed and employed

in complementary ways towards the overriding objective ... what it does have compared with normal organisations is consensus among participants about the state of affairs to be achieved and great freedom to deploy resources ... So, the job gets done. But they are not efficient ... perhaps the overriding reason is that the synthetic organisation must simultaneously establish its structure and carry on operations".

The idea here is that an organisation must first have an organisational structure that is viable in order to effect its general objective and then it can take action necessary to improve its economic efficiency.

My view that cooperatives in the ECS function as if they were ad hoc organisations is also supported by the historical analysis of Ekpere (1978) on the changing roles of Nigerian cooperatives. He observed that:

"soon after 1935-37, however, these production cooperatives were either transformed or redesignated Cooperative Marketing Societies and Unions. Their greatest contribution during this period was price stabilisation. The problems of organised production through cooperatives were neglected. Between the two World Wars and the mid-1950's, cooperatives increased in number, but priority was in the business-oriented cooperative type, multi-purpose cooperatives, thrift and loan societies, consumer cooperatives, etc.

"In the mid-1960's and more so since 1971-72, the role of farmer cooperatives has been re-vitalised. Government efforts which were started in the fifties with the establishment of farm settlements and school-leavers' farms surfaced with renewed emphasis. The number of primary societies increased and so did the number of those involved in crop and fisheries.

"In the last two to three years, special efforts have been made to encourage the establishment of cooperatives as a means for stemming inflation, fighting produce and commodity hoarding and distributive trade deficiencies, as well as ensuring small farmer access to government credit facilities and subsidy programmes".

These changes in government cooperative policy also reflect the "approach and avoid" behaviour discussed above. The immediate effect of using cooperatives to implement conglomerate development policies is that the cooperatives fail to develop structurally due to inconsistent goals and strategies.

In the light of the above, the assessment of structural economic deficiencies in the fmcs' studied revealed that they are still low in structural development in terms of scale of unit size, scale of economic operations and specialisation. Generally, capitalisation is very weak. In terms of economic efficiency, the cooperatives are performing at a low level, indicating a corresponding level of member dissatisfaction. This could be why members abandon their societies to seek alternative economic opportunities elsewhere. Low economic performance can be related to the low degree of structural

development in the fmcs´.

My general impression is that with their present level of structural development, the primary cooperatives studied cannot contribute substantially to socio-economic development in their areas. So the major aim of the ECS cooperative system, which is oriented to promotion of efficient fmcs´, has not yet been achieved.

Nevertheless, certain intended and unintended(1) strategies have been realised in the system. Fmcs´ exist in the ECS! Although they are performing at a low level, they could be performing certain manifest and latent functions for society. Fmcs´ have taken over almost all the credit functions of the credit cooperatives: this is why there are now so few of the latter in the ECS, and this is an integrative function that may reduce administrative overheads. Another realised development strategy is the education of cooperative members.

The emergent (unintended) strategies that have been realised are represented by the present apex organisations, secondary unions, and other cooperative organisations established; to some extent also the distribution of essential commodities and the location of government cooperative development agencies in the local areas. More detailed studies are needed before we can understand the magnitude of the development functions performed by these realised development strategies.

8.8. Summary of the Emppirical Investigation

The empirical investigation undertaken in Part Two of this study (Chapters four to eight) aimed to generate information which would facilitate our understanding of the agricultural cooperative system with respect to the local government areas studied. Such knowledge is needed if we are to understand why agricultural cooperatives are not functioning well. The knowledge is also needed for designing a new agricultural cooperative system in order to improve agricultural cooperation in the areas studied.

I shall now summarise some important knowledge gained from the empirical investigation.

The rural economy of the local government areas studied is based on the petty trading and farming activities of the peasant farmers living there. The farmers combine these two activities to make a living.

The open markets, especially the daily ones, in the local government areas are the major economic centres in the ECS generally. Previous agricultural development strategists have totally neglected these, and there is no structural adaptation to them even though they are actually the location of the consumers of agricultural production. The permanent presence of cooperative organisations in these markets is very important for cooperative economic viability.

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1. See Mintzberg, H.: Patterns of Strategy Formation, 1978.

The smaller village groupings, which are the levels at which cooperatives are promoted, have few or no economic development institutions to help them, though the study revealed that these institutions and other development agencies do play an important role in their areas of location. We have seen, for example, that there are more cooperative development activities in areas of higher infrastructural development.

Farmlands are small, and are further dispersed for growing families by the patrilineal distributed inheritance system. To purchase new land is costly. This means that crop cultivation will be affected in the near future since the pressure on small plots of land will be high, rendering purchase even more difficult. Agricultural cooperation should no longer concentrate only on crop production but on diversified areas such as poultry, meat, fruits, vegetables, etc.

Agricultural cooperation in the areas studied is at production level and there has been little emphasis on the market level. This is due to non-farmer members' other economic interests. Further, the low degree of technological development affects primary cooperatives' economic activities, as reflected partly in the present high cost of local labour.

Cooperative Man in the ECS is an individualist, full of economic expectations. His major interest is material incentives, and he wants a quicker way to economic progress. There is need to increase cooperative education in order to consolidate present membership.

The knowledge gained from the assessments of the structural and economic efficiency of the primary cooperatives studied shows that they are performing at low level. There is need to adopt an organisational structure with specialised integrated primary activities.

The literature on agricultural cooperation in the ECS is scanty, and the importance of organisational forms is totally neglected in the writings available, irrespective of the importance of these forms in attaining efficiency in agricultural cooperation. Consequently, little has been known about the operational activities of the fmcs'. Moreover, academic research on cooperative development seems to be traditional, with persistent concentration on historical conceptions which are quite remote from the realities of the cooperatives' situation in the villages. Perhaps it is not surprising, therefore, that there has never been any meaningful creative innovation, for example mergers, within the cooperative system. Also, changes in the task environment of the organisations have been neglected. New organisational forms are desperately needed for the promotion of new cooperative forms.

The farmers' multi-purpose cooperatives studied in this investigation are in reality agricultural cooperatives that are empowered by their certificates of registration to embark on economic activities outside agriculture as long as they have the internal capability of doing so. This conceptual definition opens membership to both farmers and non-farmers in the villages of location.This circumstance is

considered inappropriate for cooperative development (see Chapter seven).

These agricultural cooperatives consciously or unconsciously adopt one of three organisational forms in order to react to the influences of the type of membership groups forming them, members having heterogeneous or homogeneous occupations. These forms are the communal approach, the individual members' promotion cooperative and the combined operations approach. Each of these is subject to certain conditions for attaining structural and economic efficiency. Failure of the membership to adopt an appropriate organisational form of fmcs will result in structural and economic efficiency problems. To be viable, a heterogeneous membership must consider the communal approach and a homogeneous membership can adopt the individual members' promotion cooperative form. These two organisational forms represent the basic fmcs form, while the combined operations approach is optional.

Serious deficiencies were found in formulation of goals and objectives: in short, there is confusion in formulation, while new strategies emerge without clear functional roles in the cooperative system. An example of this is the distribution of essential commodities.

Centralisation of cooperative development activities by the government cooperative departments forces members' cooperative initiative in the direction of government policy, to the detriment of the demands that environmental contingencies make on this initiative. This inhibits innovation with respect to structural adaptation.

The more cooperative infrastructural development agencies are located in the rural areas, the more people will be willing to join cooperative development projects. However, the extent of participation will depend on the kind of incentive strategies employed.

Conversely, the more developed an area is, the more cooperative behaviour in that area is diversified. Thus, division of labour could have a positive influence on cooperative development. Instead of concentrating on crop production, new areas of agriculture could be explored and cooperative agencies created to work in that direction.

CHAPTER NINE
PROBLEMS OF TRANSITION IN THE ECS AGRICULTURAL COOPERATIVE SYSTEMS, AND DESIGN CONSIDERATIONS

9.1. Introduction

The conclusion drawn from the assessment of the performance of fmcs' studied during the empirical investigation in the ECS is that these cooperatives are performing at a low level due to the constraints that are in the systems. The question was then raised as to what could be done to improve growth and development.

In view of the research methodology employed in the present study, two main strategies could be employed to generate growth and development in the present ECS cooperative system: the systems improvement strategy or the systems design strategy. Using the first, we can only outline some improvements which could restore normalcy in the present system, without taking the initiative to show how this can be realised practically. Recommendations would concern only some sections of the present system which we consider to be functioning inefficiently. Considering the problem definition in Chapter one and the present low level of information within the cooperative system studied, adopting the first strategy would not be helpful.

We shall therefore adopt the second strategy. This means redesigning the present cooperative system completely on the basis of what we now understand its real goals to be, in order to explore ways of encouraging its growth and development.

The extensive field investigation undertaken in the ECS, and my search of the literature, have helped generate the information necessary for this task. Some of the relevant findings concern the structure of farming in the local areas, which is based on: small-scale peasant holdings, the agricultural development objectives of the two state governments in the ECS, the technological strategy of the unimodal approach adopted in agricultural development, the land tenure system, and the real goals, activities and constraints of the present cooperatives.

This chapter will briefly present ideas and assumptions for a new agricultural cooperative system (type of innovation) contemplated for the ECS. It will also examine the problems of transition from the present system to a new one. We begin with a general discussion of alternative change possibilities available to the ECS, referring to the constraints on cooperative development discussed in Chapters seven and eight. Below we give reasons for the choice of an alternative cooperative development strategy on which the new ideas and assumptions can be based.

9.1.1. Questions to be Answered in this Chapter

1. Can the system studied be changed?
2. If the answer is "yes", in what areas?
3. How can the system be changed?

4. What are the problems of transition?

9.2. Change Considerations and Assumptions

This section will discuss alternative change possibilities through which the government and the cooperative movement can realise their objectives in agricultural cooperation. Two objectives were identified in Chapter seven. The short-term objective is food and agricultural production, while the long-term one is an independent agricultural cooperative movement. These two major objectives are the basis for consideration of the alternatives.

9.2.1. Alternative Change Possibilities

Possibilities for change exist because the constraints in the ECS cooperative system, which were discussed in Chapter seven, are not static; they are flexible. The empirical investigation also showed that the chief factors influencing the behaviour of the primary cooperatives are the environmental demands.

The major alternatives for change seem to be

1. workers' production cooperatives
2. single-purpose strategies
3. to continue with multi-purpose strategies, or redesign them
4. to dismantle the agricultural cooperatives and subsidise direct technological input to farmers in the form of fertilizers, machinery, etc, through existing agricultural service centres.

As we saw in Chapter two, workers' production cooperatives encourage communal ownership. Their major constraint is that their organisational structures are not adaptable to the ECS patterns of land tenure and peasant farming. Further, they demand capital-intensive economic projects which the member farmers cannot afford. Finally, risks of conflict among villagers due to collective ownership are very high.

The first cooperatives organised in Nigeria were single-purpose, e.g. produce marketing, credits, etc. This strategy was abandoned in 1954 because these cooperatives were not meeting the demands of villagers whose mixed rural economic activities required more functional services from them. The single-purpose strategy was also found to be expensive, because the farmers were unspecialised and lacked the human resources to manage the cooperatives themselves.

The third alternative is to retain the present multi-purpose strategy but to redesign the present fmcs' in the ECS using the knowledge gained from this study so that they become appropriately adapted to ECS conditions. It must be made clear here that the present fmcs' are functioning ineffectively not because their structural forms or conceptions are inappropriate for the ECS, but because of the constraints in their operational organisational structures and their environment. So the fault lies with those organising the cooperatives and their choice of strategies.

The last alternative to be considered is to totally dismantle the present agricultural cooperatives and to give direct productive aid in terms of machinery and chemical products (e.g. fertilizers) to farmers. Two approaches can be adopted here: either to give this aid through the present National Accelerated Food Production Programmes (NAFPP) or through the present traditional thrift and credit societies which are not officially recognised as cooperatives. The agricultural development aid could be supervised through the existing government agriculturral service centres.

The present NAFPP programme involves village farmers who voluntarily undergo farming education with the help of the agricultural service centres in the local areas. When they have completed the programme they may decide to organise farmers' cooperatives or they may continue as private farmers in the villages. My view is that at present both the NAFPP and the local thrift and credit unions are solving many socio-economic problems in the villages. However, their activities have not yet been assessed. Aid through the local thrift societies could be the platform for promoting efficient agricultural cooperatives in the future since, technically speaking, the members of these cooperatives are farmers.

Were the above strategy to be adopted, the government could employ the resources budgeted for operating the present cooperative departments and divisional cooperatives in other areas of development. Alternatively, it could integrate the divisional cooperatives with the present agricultural service centres. The problem of giving the aid through the present rural thrift societies is that it could be difficult to change the traditional attitudes of their members. Another important constraint is that these thrift societies are ad hoc in nature, their major purpose being only to raise credits for their members. They are not actually interested in where the money is employed, so their potential for investing government credits fruitfully is unknown.

Having indicated alternative ways of redesigning the present agricultural cooperative systems so that they may be better able to achieve their goals, the next problem is to choose the alternative that would be most appropriate for the ECS.

9.2.2. Choosing a Strategy for Cooperative Change

Alternatives three and four - redesigning the multi-purpose strategies, and direct subsidies - can, I believe, provide the means for generating changes in the present ECS cooperative systems. Alternative three can be considered because a multi-purpose cooperative is a type of service cooperative which encourages the peasant agriculture of the ECS. Alternative four is appropriate because aid to local thrift society members interested in agriculture could lead to improvement in food and agricultural production. These unions are independent organisations, so the possibility exists of achieving the long-term objective of an independent cooperative movement. However, considering the non-material contributions of cooperative development which are implicit in government involvement, we must abandon the idea of dismantling the present cooperatives and concentrate on alternative three as the strategy for future

cooperative development in the ECS.

My view is that the present primary fmcs' could be redesigned in such a way that their organisational forms and socio-economic activities could be adapted to the environmental demands of the ECS and the constraints discussed in Chapter seven. In order to design a new system, we have to consider organisational design aspects so as to gain insights into how to locate elements and components.

9.2.3. Design Considerations (1)

Having established that the chief task of the normative part of this project is to design a new cooperative form of organisation for the ECS, we have to link the design approach to the theoretical concept of agricultural cooperative adopted in this study - the social systems persective (see Chapter three). This views organisational design as policy decisions. Parsons (1956) sees policy decisions as:

> "decisions which relatively directly commit the organisation as a whole and which stand in relatively direct connection to its primary functions".

My view is that designing a new organisational system along 'social system' lines will start from the goal of the new system, which is generated from the preferences of the members, given the performance required of the system. The design task consists of creating structures and functions in order to realise the goals, and involves prescription of the mechanisms by which the new system can achieve these goals. However, I find the social systems view of organisational design insufficient here in that there is too little discussion of factors influencing design. Consequently, I have also drawn on Thompson's contingency theory of organisational design.

Thompson's theory views environment and technology as the major sources of constraints and contingencies (uncertainties) for an organisation. The foremost aim of organisational design is to reduce environmental contingencies for the focal organisation. It should also suggest, if possible, the direction of expansion within the constraints of environment and technology. The chief way of doing this is to place the boundaries of the organisation around those activities which, if left to the task environment, would be crucial contingencies for the organisation.

With respect to the ECS, our interest in organisational design will centre on the views of Van Gigch, Parsons and Thompson concerning the relationships between objectives, structures and functions. Van Gigch also views systems design as the creation of a new system configuration by a process of induction and synthesis:

> "The first question raised when applying the systems approach concerns the purpose for the existence of the system, it requires an understanding of the system in relation to all

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1. I have discussed organisational design more fully in another paper entitled "Approaches to Organisational Design".

other systems larger than, and interfacing with, itself... This outlook is extrospective because it proceeds from the system outwards."

It may be observed here that Van Gigch's view of the systems approach to design is a social systems conception, which is implicit in Parsons' definition of organisation quoted in Chapter three. So, following the views of these two authors, the design here would start by stating objectives, structures and functions. Thompson's ideas will be helpful in suggesting new structures and functions and in locating the new functional agencies in the task environment in relation to the technogical and environmental constraints discussed in Chapter seven.

9.2.4. Ideas on a New Agricultural System (type of innovation) for the ECS

The basic reasoning behind the design of a new form of cooperative organisation for the ECS is that it should supplement the present agrarian structure, which is based on peasant ownership of small-scale farms. This means that the present patterns of ownership should be assumed to continue. Also, the cooperative organisation contemplated should complement the ECS government strategy for promotion of agricultural development. This strategy follows the unimodal technological approach.

The new system should take into account certain factors influencing the behaviour of primary cooperatives in the local areas, e.g. membership occupation, level of infrastructural development, membership interests and so on.

The primary interest of members in joining cooperatives is economic, so the new form should be capable of helping members to improve their cash incomes. One way to achieve this is to try and relate the economic activities of the cooperatives to the needs of the local community by rendering services to local people. Membership is considered a most important element of a cooperative organisation (see Skår's model in Chapter two), and variation in membership influences its economic strength. The new cooperative contemplated will be designed to perform functions that can attract more members from the villages. It is difficult to see the impact of the present cooperatives on the villages, and this may be one reason why many villagers have not joined. The contemplated cooperative organisation should also be designed to encourage local inter-cooperative relationships.

Some villages in the local government areas have cooperatives, others do not. In designing a new system, attempts will be made to distribute the activities of the new cooperatives so that people in the villages can have equal opportunities of joining. At the same time it is assumed that if cooperatives in a new system should do business in the economically active areas of the local community areas, they will be able to compete as far as possible on equal terms in the local open markets.

The above brief summary of the ideas behind a contemplated new

organisation will be followed by a detailed description in Chapter ten.

9.2.5. Assumptions Concerning the New System

The types of innovation suggested in the last section are based on three main categories of assumption. These are institutional, definitional and behavioural.

9.2.5.1. Institutional Assumptions

It is assumed that the present cooperative law will not be changed in the near future, though in the long run it may be modified according to needs in the cooperative system. The present land ownership system is also assumed to remain unchanged in the near future. The unimodal technological approach to agricultural development will probably be continued, but with more innovation in the introduction of machinery. The open market centres are to remain as they are. Lastly, it is assumed that the present educational programmes of both non-cooperative and cooperative farmers will be improved.

9.2.5.2. Definitional Assumptions

Three main definitional assumptions have been made. The first is that the farmers' major interest in cooperative development in the ECS is economic, and that if this is satisfied more villagers will be willing to join the cooperatives. Secondly, if farmers with related production and marketing problems in farming are encouraged to form cooperatives, there is the possibility that these will stand a greater chance of survival than cooperatives with heterogeneous membership (i.e. the rural cooperative strategy). Finally, cooperatives organised to meet the direct needs of the villages in relation to production, marketing and primary consumption would be more easily acceptable to the local population as alternatives in socio-economic development.

9.2.5.3. Behavioural Assumptions

Both persuasive incentives and material incentives are needed to motivate the members of a cooperative society. However, in the ECS it is assumed that material incentives will be given priority during the initial stage of development. Persuasive incentives in the form of education and training will follow, in order to consolidate progress made. If one incentive strategy operates at the expense of the other, it could be difficult to maintain the contractual relationship between the government and the cooperative movement, and also to attain the long-term objective: an independent cooperative movement.

9.3. Objectives, Structures and Functions of a Contemplated Agricultural Cooperative System for the ECS

9.3.1. Objectives of a New System

1. The short-term objective of a new cooperative system would be to help its members improve their food and agricultural production and to market it in order to improve the cash incomes of members

in the areas of their location in the community and local government areas.

2. The long-term objectives of a new cooperative organisation would be to take necessary steps in assuming some of the major functions now performed for the primary cooperatives in the ECS by the government and the apex organisations, so that its members may in the future become independent.

9.3.2. Structures and Functions (Programmes and Agencies)

We shall now briefly present the basic structures and functions that would be used to achieve the objectives of a contemplated agricultural cooperative. Generally, the structure of an organisaton can be defined as the design of organisation through which an enterprise is administered (Chandler, 1961); but my definition here is primarily limited to the functional agencies through which the activities of the new system could be carried out. I shall not go into the authority relationships, communication lines, information flows, etc, used to describe organisational structure, limiting myself here to the programme structure of the new system and the related functional agencies. The agencies to be discussed here form part of the structural form of the new system, and their functional activities are directed to achieving its objectives.

The projected socio-economic activities of the new system may be divided into productive activities and marketing activities. Here I shall outline each functional activity, and then describe the agency to perform it, including sometimes the expectations from the activity.

9.3.2.1. Projected Village-level Production Activities of the System Contemplated

The projected functions of a new system would be:

1. to arrange for land to be cultivated by members. This function could be carried out by village para-cooperative groups where land is insufficient for cultivation during the planting season. This collective approach is expected to reduce the unit cost per family. Also, the government would be more willing to rent land to groups than to individuals.

2. to supply seedlings and fertilizers to members. The aim of this function is to improve the yield per hectare of the food crops cultivated by the members. Members would cultivate seedlings recommended by the agricultural department and buy fertilizer at government-subsidised prices. These input supply functions could be carried out by the primary cooperatives' cooperative establishment in consultation with the government agricultural service centres.

3. to arrange for the supply of local labour. There is need to employ local labour in those areas where members have collective economic projects, e.g. the cooperative establishment, agricultural processing centres, etc. At present, the cost of local

labour is increasing in the ECS. Cultivation of food crops needs a certain level of mechanisation, and since cooperatives have few members, combining of activities is required so as to reduce the unit cost of hiring local labour. The labour supply function could be decided upon by the cooperative management (the cooperative establishment) but local labour for farming in the village areas could be a para-cooperative group activity.

4. to arrange agricultural credit to members. This function aims at providing members with the resources needed for agricultural production and marketing. Credit could be arranged by the projected new cooperative, which would deal directly with the banks. This could reduce the administrative overheads of the apex organisations, which currently perform these functions and are financed by the primary cooperatives. Also, it is possible that a new apex agricultural organisation could be included in the system. This could carry out the credit function more efficiently than the present apex organisations. The new apex could in this case coordinate the major agricultural credit activities in the state, for example channelling government aid to the primary cooperatives.

5. to render agricultural extension services to members. The aim of this service function is to improve cooperative farmers' knowledge of modern techniques so that they can improve the quality and the quantity of their produce. This function would be perfoemd by the government agricultural service centres.

6. the establishment of distribution centres. Distribution centres would facilitate the distribution of both cultivated and processed products to open markets, which are the principal distribution centres in the ECS. These centres would be located in different parts of the local government areas, accessible to the public and to cooperative members. This distribution function could be performed by the cooperative establishment.

7. poultry and livestock services to members. A poultry and livestock function would aim at enabling members to supply themselves with, primarily, meat for internal consumption, so as to reduce the high cost of buying from external markets. Meat is the major source of protein in the ECS, and it is very expensive.

8. to purchase consumer supplies for members. This function should reduce the cost of purchasing consumer goods compared to individual buying. The function could be carried out by the cooperative establishment.

9. to organise the distribution and supply of machinery to farmers. Having studied the mechanisation problems of cooperatives in Sweden, I suggest that for the ECS, this would best be performed by a specialised cooperative department in the new apex cooperative association mentioned above. This department could have its activities dispersed throughout the local government areas in the ECS.

9.3.2.2. Projected Marketing Activities at Local Government Area Level

The projected marketing activities of a primary cooperative would have as their main aim the improvement of members' cash income, since this is the major source of members' motivation. The marketing activities summarised below could be carried out by the cooperative establishment:

1. Selling members' agricultural produce through cooperative open market stores to be located in the market areas. The cooperatives would engage in priority processing of food crops that require low processing technology.

2. Transporting members' produce to distribution centres and processing plants.

3. Expanding members' distributive activities to urban centres.

4. Negotiating competitive relations with non-cooperative farmers in the local government and state government areas.

9.4. The Problems of Transition

The problems of transition are those of moving from the present system of agricultural cooperation to the one envisaged. They entail three major decisions:

1. What should be retained in the present system?

2. What in the present system should be rejected?

3. To what areas of the ECS socio-economic environment can the cooperative system be adapted?

The first question concerns the aspects of the present system that can be exploited to advantage. The second concerns what is lacking in the present system; and the third deals with the areas to which the new cooperative must adapt by improving its operative mechanisms. These questions are discussed below.

9.4.1. Advantages of the Present ECS Agricultural System that can be Exploited

What in the present system should be retained?

Study of the literature, especially that of rural development, shows that the following advantages of the present system could be exploited. We shall consider the long- and the short-term advantages separately.

9.4.1.1. Long-term Advantages to be Exploited from the old System

1. The present cooperative membership and members' private economies (see Chapters five and six) can be used to implement the new system: their experience can be employed in educating other

villagers. Secondly, the present membership can be seen as a measurement of villagers interested in cooperative development, so it is advantageous to implement the new system through them, capitalising on their present motivation and experience of cooperative participation. As the basic production units, cooperators' private economies are important assets.

2. Existing cooperatives' capital funds (see Chapter four) can be helpful in starting the economic operations of the new cooperative organisation. This can help reduce the initial contributions needed from members for implementing the new system in the local areas.

3. The current biochemical technological innovation in agriculture, giving increased yield per hectare, is adaptable to the pattern of land ownership in the ECS, and would be retained to improve the quantity and quality of agricultural production.

4. The existing agricultural service centres may be retained for educating members in agricultural production.

5. The well-developed land transportation system in the ECS is a good basis for improving the distribution of products to marketing centres.

9.4.1.2. Short-term Advantages to be Exploited from the Old System

1. Existing government aid to cooperatives (see Chapter seven) would be advantageous in motivating both old members and prospective ones.

2. The existing cooperatives have already gained experience in the production of three major food crops - cassava, yams and maize - which are highly sought-after in the ECS. Consequently, members can organise projects in these areas (see Chapters five and six).

3. The agricultural credit resources of the organisations forming apexes to the primary cooperatives could help in financing the projects of the new cooperative system (see Chapter four).

9.4.2. What in the Present System Should be Rejected?

The following features of the present system would be rejected:

1. Distribution of essential commodities. This distribution leads, as we saw in Chapter seven, to goal displacement and inconsistencies in the formulation of cooperative development strategies.

2. The strategy of encouraging heterogeneous membership, which in turn encourages capital-intensive projects and the choice of ineffective organisational forms (see Chapter seven).

3. The present conglomerate diversification strategies. Using

these instead of concentric strategies increases production costs (see Chapter seven).

4. The centralised influence of the state government cooperative agencies and apex cooperative organisations. This inhibits innovation among cooperative farmers (see Chapter seven) and should be withdrawn. Instead, more activities should be decentralised to primary cooperatives.

5. The low diversification of crop production (see Chapter seven). This limits members' competitive abilities and incomes since there are many competing and substitute agricultural products in the local markets.

9.4.3. To What Areas of the ECS Social System can the Cooperative System be Adapted?

Adaptation is needed in the following areas to help the new cooperative system to achieve its goals and objectives. Areas of immediate adaptive needs and gradual adaptive needs are listed separately.

9.4.3.1 Areas of Immediate Adaptive Needs

1. The new cooperative system must adapt to the patterns of distribution in the open markets in the ECS since these are the main economic centres for distribution of agricultural produce.

2. There is need for the cooperatives to adapt to the low mechanisation and diversification of agricultural production, since these limit their sources of income.

3. The new cooperative system must adapt to the low development of marketing infrastructure in the local areas, which limits the distribution of produce.

4. Lastly, the cooperatives must adapt to the limited agricultural skills in the local villages. This limits the output of cooperators.

9.4.3.2. Areas of Gradual Adaptive Needs

1. The pattern of agricultural production and land ownership in the ECS must be adapted to, since it is assumed in 9.2 that it will remain unchanged.

2. Adaptation is also needed in the area of government agricultural development strategy, which may not change in the near future. This adaptation could be effected by the choice of appropriate organisational form.

3. The low infrastructural level in the villages may not rise very fast in the near future, and can be adapted to, for example, by establishing storage facilities, energy supply, etc.

4. Lack of interest in farming among young people. Adaptation here

can take the form of material and persuasive incentives to unemployed school leavers.

5. Cooperative farmers' high economic expectations (see Chapter seven) can be adapted to by improving farming services and incentives.

9.5. A Brief Comparison of the Old System with the Projected System

This chapter has outlined the changes or innovations contemplated to bring about a new system of agricultural cooperation, and has dealt briefly with its general objectives, its structures and its functions,taking into account the constraints and other deficiencies in the present system. We have seen that this system was finding it difficult to achieve its goals because its structural forms were not adaptable to the structural systems of the ECS. In the system contemplated, I have so far made suggestions concerning the formulation of goals and objectives, adaptation to the pattern of land ownership in the ECS, the open markets, the location of cooperative economic projects, selection of membership, the form of agricultural cooperative, etc. These suggestions are based on experience from the field investigation in the ECS, and are therefore grounded in broader knowledge of the ECS environment and its demands. For these reasons, it would appear that the projected system has better prospects than the present one of achieving the goals and objectives of agricultural development in the ECS.

9.6. Chapter Summary and Conclusion

This chapter has explored the possibilities of changing the present system of agricultural cooperation in the East Central States of Nigeria. It was found that the present system could be changed by redesigning existing farmers' multi-purpose cooperatives to adapt to prevailing structural systems. This was followed by discussion of design considerations centering on the views of Van Gigch, Parsons and Thompson (1): design ought to start from the formulation of goals, the structural forms and the functions. In the light of these, and following examination of institutional, definitional and behavioural assumptions, an overview of the projected system was given.

We then discussed problems of transition from the present cooperative system to the projected system and, guided by the field observations, considered what could to advantage be retained, what abandoned and what areas were suitable for adaptation. Lastly, the chapter has considered major changes in the present agencies and suggested agencies that could be helpful in promoting the new system.

The main conclusion is that the multi-purpose strategy chosen here may be considered appropriate because, taking the observed structures into account, it is adaptable to the present situation in the ECS. The changes suggested are based on insights gained from the field study and the literature review.

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1. See also Diesing (1972) and Chapter three above.

CHAPTER TEN
A NEW AGRICULTURAL COOPERATIVE SYSTEM FOR THE ECS

10.1. Introduction

This chapter will present and discuss a new agricultural cooperative model for the ECS. In the last chapter we gave reasons for the choice of the multi-purpose strategy as the future means for attaining both the government's and cooperative members' objectives in agricultural development, and suggested that the present fmcs model could be redesigned so that the forms and socio-economic activities could be adapted to the environmental demands of the ECS.

The new design is influenced by the conceptual model of agricultural cooperative presented in Chapter two, taking into account the basic family and farming needs that motivate ECS farmers to join agricultural cooperatives. The field studies conducted in the four local government areas and detailed in Chapters five and six have afforded insights into the farmers' productive needs.

The design is also influenced by the systems and organsational approaches discussed in Chapters three and nine. The systems approach will provide guidelines on how to configurate the elements and components at various systems levels which form the boundaries of the new cooperative model . The organisational approach here will suggest the range of preliminary organisational measures needed for reducing the contingencies created by environmental factors influencing the structure of the model.

This chapter has four main tasks. The first is to present the structure and the assumptions of the new cooperative model forming the focal system of the new agricultural cooperative system. Included here is a presentation of the objectives and basic functions of the new model at the various systems levels in the ECS, and the suggested components or agencies the system will require. We also discuss how to finance the system. The third task of this chapter is to assess briefly the cost and benefits of the new system, and the fourth is to discuss the conditions for its implementation. The chapter ends with an appendix on how to implement the new system in one of the local government areas studied during the empirical investigation.

The new agricultural cooperative system suggested for a state government area in the ECS consists of cooperative development agencies organised by a state government of an area, together with other agencies to be organised by the cooperative movement itself. The basic cooperative organisation (i.e. the focal system) in this system is the new primary multi-purpose cooperative. The configuration of structural relationships which characterise this model of cooperative organisation is based on the expansion of the socio-economic activities of the two basic, essential elements found in cooperative organisations (see the discussion of Skår's model, Chapter two). These elements are the organisational relationships and the functional relationships. Fundamentally, the model of cooperative

organisation contemplated here consists of an association of members and an economic activity. The main design task in this chapter is to arrive at workable strategies for vertical and geographical expansion of the chief cooperative socio-economic activities and to integrate them into a cooperative system based on defined goals and objectives.

10.1.1. Limitation of Chapter Ten

As mentioned in Chapter nine, designing an organisation may be viewed as a type of policy decision. Policy decisions can be strategic or tactical (see Chandler, 1962). Strategic decisions are concerned with long-term activities while tactical decisions deal with day-to-day activities. As indicated in Chapter one, our interest is rather in the strategic decision area, and is in giving insights into the future growth and development strategies of agricultural cooperation in the ECS. Consequently we shall suggest the objectives, basic functions and component relationships, without discussing detailed operative decisions since there is a shortage of data necessary for this.

10.2. An Overview of the Structural Model of the New Agricultural Cooperative System

The major aim of the new cooperative system would be to help the cooperative farmers in the villages improve their food and agricultural production and marketing activities by organising the basic socio-economic activities in a relationship to prevailing technological and environmental constraints. Suggestions on how to do this will be based on experience gained during the empirical investigation.

10.2.1. Phases of Development of the New Cooperative System

The primary agricultural cooperative model (the focal system) in the new system is a service-type cooperative based on the multi-purpose strategy. The major organisational development strategy behind the new model is the merging of the various socio-economic activities of the present agricultural cooperatives in a local government area into one farmers' multi-purpose cooperative organisation. The activities of this new cooperative organisation would be decentralised in the community council areas. This could be achieved in three phases. Thus the new cooperative model could be viewed as a process model, whose functional activities would be located according to the three major systems levels in order to include the major areas of constraint and crucial contingencies within the boundary of the new system. The three phases are presented in Figure 10.1. and discussed very briefly below.

Phase One Cooperative Development Activities

The first phase involves merging the existing primary cooperatives in the smaller villages constituting a community council area according to areas of agricultural specialisation, e.g. livestock, food, etc, at farmer level. This merging would result in village farmers' cooperative groups in various areas of agricultural production. These village cooperative groups and their private economic units are the

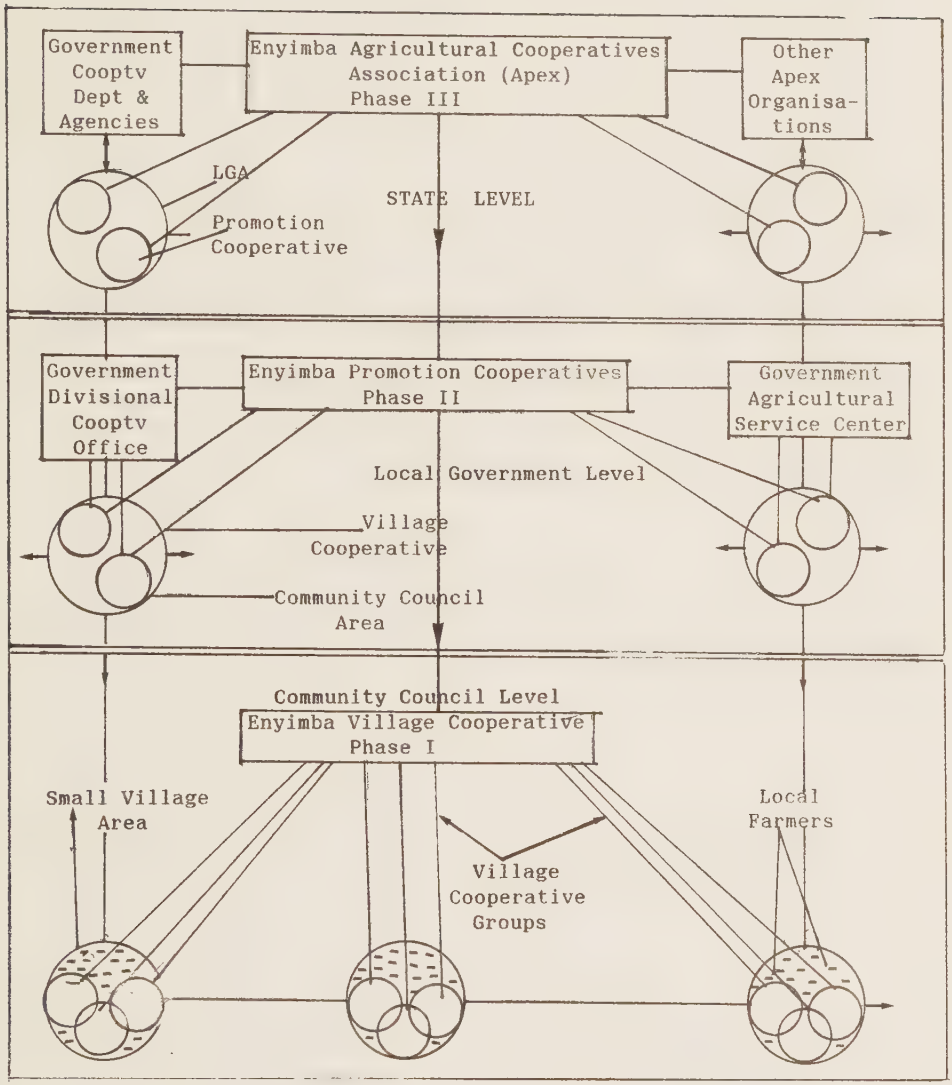

Figure 10.1 Structure and Functional Relationships of Enyimba at Systems Levels in ECS

basic organisational units in the new cooperative system. A village cooperative service organisation would be set up for one community council area to render productive and marketing services to village cooperative groups. The design of phase one is based on two definitional assumptions made in Chapter nine, namely that the farmers' basic interest in cooperative development is economic, and that a cooperative organisation would have more chances of survival when members have homogeneous aims, due to related agricultural productive problems.

Then comes the problem of voluntary participation in the new cooperative. It is mentioned in the literature (Dülfer, 1974) that there must be some motivation in relation to their aims for village farmers to join cooperatives - or else they would not join. Two basic conditions could motivate local farmers to join cooperatives: solidarity and rationality. According to Dülfer, the solidarity motive is characterised by an individual's felt obligation to his group: a type of psychological compulsion. The second case involves deciding to join because it clearly seems to be the optimal (but not the only) alternative in terms of the individual's economic aims. The present fmcs' in the ECS were designed on the assumption of the solidarity motive (see, in Chapter four, Okpi's assumptions at the 1962 Lagos cooperative conference). Even the present local thrifts societies are based on solidarity, though the needs they are concerned with are economic.

When considering motivation here it is important to understand the real nature of the economy of the rural areas in the ECS and the economic behaviour of the local population. As mentioned in Chapter seven, farming is the major economic activity; but it is seasonal and part-time, since farmers have other sources of income. During the farming season, farmers whose incomes from other economic activities are sufficient employ local labour on their farms. Those who do not, interrupt other work in order to have more time to cultivate food. Some farmers combine both farming and other economic activities. The rural economy is also characterised by the "approach and avoid" behaviour described in Chapter seven. People tend to rush to new areas that are considered profitable, and when incomes there decline, they look again for alternatives. The frustrated ones who are tired of looking for alternatives sometimes migrate to the cities. The conclusions we can draw are:

1. The local farmers have several sources of income, so that income from agriculture is only supplementary.
2. There are no stable sources of income for farmers since farming is seasonal. This situation is aggravated by low technology and limited know-how.
3. The "approach and avoid" behaviour in the local areas will make planning difficult.

I conclude from the above that agricultural cooperative development should be based on the rationale of stabilisation of supplementary income sources.

My empirical studies in the ECS show that the areas able to make the most substantial contribution to cooperative development are

processing and marketing of primary products, storage facilities for non-durable products, farm services and manpower training.

The Phase One model will be discussed in detail in section 10.3.

Phase Two Cooperative Development Activities

The second phase of the development of the new model involves the setting up of a promotion cooperative located at local government area level to render services to the primary cooperatives organised at community council level. This promotion cooperative would also negotiate the competitive relationships between the primary cooperatives and other agricultural production organisations. So phase two cooperative development primarily concerns marketing and distribution functions. The design of phase two is based on the definitional assumption that the major interest of the farmers in cooperative development is economic. Thus the model would help to diversify the chief sources of the cooperatives' income concentrically. How to achieve this second phase of cooperative development will be discussed in detail in section 10.3.

Phase Three Cooperative Development Activities

The third phase of the development of the new cooperative model involves the creation of an agricultural cooperative apex organisation which will integrate agricultural cooperative development activities in a state government area in the ECS. This cooperative apex would also negotiate relationships which are vital for the economic activities of the promotion cooperatives and memberships at state level, e.g. with government and other cooperative apex organisations. The design of this organisation is based on the behavioural assumption that both persuasive and material incentives are needed to motivate the members of a cooperative society. This apex organisaton would also coordinate the distribution of government aid to cooperatives, and organise members' education and other cooperative activities at state level.

The above is a brief overview of the structural features of the new cooperative model. Since the model could be implemented in the ECS, we give it a name to identify it with the region, and call it the Enyimba Village Rehabilitation Cooperative. "Rehabilitation" refers to the functional services the new cooperative would perform for members, which could lead to reorganisation of agricultural and marketing activities in the villages.

10.3. Structure and Functional Relationships of the New Cooperative System

In this section, the basic structural forms and component relationships of the new cooperative system will be developed. As mentioned in the last section, the functional activities of the elements of Enyimba cooperatives would be organised at three major systems levels in ECS: community council, local government and state. I shall start by discussing the functional relationships at each level.

10.3.1. Enyimba Village Rehabilitation Cooperative at Community Council Level: Phase One

The activities contemplated at community council area level are termed phase one activities. The goal of these would be the establishment of efficient primary multi-purpose cooperatives in specialised areas of agricultural production. These primary cooperatives would be the base for ultimate promotion of the agricultural cooperative of a state government area in the ECS. The major tasks of the primary cooperatives to be established at community council area level are to render productive and marketing services to member farmers.

Enyimba Phase One is designed primarily to lay the foundation of long- range agricultural cooperation and at the same time to help member farmers to meet the demands of Phase Two, which is a complete model of the Enyimba village cooperative. The purpose of organising the Phase One primary cooperatives is to use them in establishing competent farmers able to make a living from their agricultural business activities by collectively acquiring the materials needed for production and marketing.

With this in mind, the most significant contribution to be made by this model is that it would encourage full member participation, member farmers being able to apply their new knowledge in their own private economic enterprises. The latter are in part segments of the cooperative enterprise. The premise for a member's motivation is his farm and family. The extent of his economic success will influence his decision to retain membership of the cooperative association at this level. Thus Enyimba Phase One can be considered an educational model.

Functional Activities of the Elements of Enyimba Cooperative at Community Council Level

Referring to Figure 10.1. above, there would be two major cooperative elements at community council area level. These are the Enyimba village cooperative establishment and the village cooperative groups of farmers. For the sake of clarity we use the term cooperative enterprise for the coooperative establishment and members' association for the village cooperative groups. We shall outline here the contemplated functions of these two basic elements, but shall also discuss the farmer's private enterprise, and his family.

The Enyimba Cooperative Association (Village Cooperative Groups)

The Enyimba Cooperative Association is a democratic association of village farmers joining to promote their socio-economic activities through cooperative action (see section 2 above). Their major responsibility would be the formulation of the internal policy of their cooperative organisation so as to guide the activities of the cooperative enterprise. This policy would be oriented towards:

1. development of the organisational relationship (e.g. members' aims and objectives,
2. conditions for membership.

The Functions of the Cooperative Enterprise

To develop the functional relationship, the cooperative enterprise would engage in the following areas of farming business activities on behalf of members:

1. distribution of productive materials to members
2. supervision of members' financial transactions, e.g. loans
3. marketing of members' produce
4. supply of business information to members
5. working out a pattern for members' family supplies
6. organising vocational training for the members.

How marketing activities could be operationalized (point 3 above) will now be discussed.

Cooperative Marketing Activities

We saw in Chapters four to six that the present cooperatives have not responded adequately to the problems of marketing competition in the local markets. At present the cooperators'volume of business is insufficient for them to make a living from farming. I have therefore suggested that open market operations be developed for the first time to see how far they can influence the farmers' volume of business.

Open Market Operations

The above suggestion is intended to encourage the cooperative farmers to engage in both agricultural production and agricultural retail marketing in the major open markets and economic centres (the towns). For example, a cooperative in Ihiala can have retail stores in Nkwo-Ogbe (central station) daily market and at the same time increase its influence in Onitsha, Nnewi, Owerri, Orlu, etc by having a central distribution store in Nkwo-Ogbe market. These stores will be discussed further under Strategy for Implementation, and their location is shown in the maps in Figure 10.3.

The reason this idea is workable is that there are middlemen who buy agricultural produce in commercial quantities in the local areas and retail it in the towns. Most of the yams, garri and coco-yame sold in parts of Onitsha province come from Bendel State, for example. The volume of this trade remains insignificant as long as the present middlemen act as individuals, because there is no capital to develop it. On this point, see the appendix to this chapter.

The Farmer's Private Farm

The farmer's private enterprise is an important element of the Enyimba village cooperative since the precondition for membership of the Enyimba is possession of a farm. In this first stage of the development of Enyimba, what is considered to be an economic enterprise ranges from the part-time farmers' private family farm to the well established farm worked full time. This definition will not hold for Enyimba Two, which is still a primary cooperative but at a more advanced level. As already stated, the farmer's economic enterprise is considered as a meaningful basis for his future

motivation. The family enterprise has a close relationship with the farmer's family, so the latter is an important element of Enyimba.

The Importance of the Farmer's Family

The farmer's family is a significant component of an agricultural cooperative. Moreover, the functions that the cooperative performs depend on family needs, so the cooperative's success could depend on the relationships with the family members. Not only this, the cooperative organisation is in a position to influence the habits and attitudes of members' families through its services to them. Consequently the family is a medium for cooperative education.

10.3.1.2. The Functions of the Components of Enyimba Village Cooperatives at Community Council Level

There are two main groups of components of Enyimba cooperatives at community council level. The first includes the component agencies set up by the government to help in the task of cooperative promotion. These are the cooperative departments, agricultural service centres and other local ministries. Their functions would remain as described in the present system. The second group of components consists of cooperative promotion agencies organised by the members of the cooperative movement. These include apex organisations (see Table 9.1., and Chapter four). The new system would comprise two apex organisations, the new Agricultural Cooperative Association of one of the states comprising the ECS, and that State's existing Cooperative Union, which is made up of other apex organisations, consumer for example, lying outside the scope of this study.

The Agricultural Cooperative Association

As mentioned in Chapter nine, the Agricultural Cooperative Association is intended as a functional organisation with functional departments responsible for management of agricultural credit, marketing of members' agricultural produce, and representation in matters of interest. These departments would take over the activities now performed for the present farmers' cooperatives by the Cooperative Wholesale and Consumers Association, the Cooperative Financing Association and the Cooperative Produce Marketing Association. Information about this new organisation and the functions of its departments is given in table 10.1. below.

10.3.2. Organisation of Enyimba Village Rehabilitation at Local Government Area Level: Phase Two

Enyimba Village Cooperative activities at local government area level (i.e. Phase Two) centre on organising a cooperative for promoting farmers' joint priority processing and related projects. While Enyimba Phase One aimed at promoting members' private agricultural economic enterprise, Phase Two aims at promoting the activities of the cooperatives organised in Phase One.

More specifically, the major objective of Phase Two is to encourage the agricultural cooperatives in a local government area to merge

into one multi-purpose cooperative that will decentralise its operations to the community council areas. In practice, this means that if this merging operation is achieved, the Phase One primary cooperatives would be dissolved. The membership associations in the community council areas would continue to exist, but members' private economic enterprises would be linked directly to the promotion activities of the newly-formed priority processing cooperative at local government level.

It is not my intention that this merging of Phase One primary cooperatives into the multi-purpose type envisaged here should take place immediately. The first stage in achieving this is to start a priority processing plant, the model for which is shown in Figure 10.4. Through the experience gained from this, the member cooperatives can then merge to form the final stage of Enyimba village cooperative, the structural model of which is presented in Figure 10.2.

The Enyimba Priority Processing Cooperative

The suggestion for a priority processing cooperative stems from the following reasoning. Some Phase One Enyimba primary cooperatives may find it difficult to enter processing because of the more complex technology, including deficiency in human resources, and lack of capital; but will wish to increase their volume of agricultural business in order to increase their monetary incomes. These could join with others to form an association of primary cooperatives - a sort of secondary union - with the objective of starting joint priority processing of members' produce in areas with low technological demands and low capital input.

The area of joint priority processing could be outside the productive areas of some of the cooperatives but within those of others, and it would be reasonable to give priority to these areas of low processing demand. For example, poultry, meat-marketing or dairy cooperatives could find it difficult to take up processing or manufacturing secondary products. To increase their volume of business, they can associate with crop producers in priority processing since it is easier to process crops such as cassava into garri, or palm fruits into palm oil.

The main function of this model is to market all members' produce, including processed, because the processing cooperative has a diversified membership. Marketing would be carried out through a central marketing organisation.

Another primary aim here is that this partial collaboration among farmers' cooperatives throughout a local government area would enable them to identify the advantages of merging into one cooperative body to promote both their private enterprises and their collectively-owned ones, at least in a local government area. This will favour their business operations in terms of diversification growth. Moreover, they would be able to neutralise unnecessary competition among themselves. The elements of this priority processing multi-purpose cooperative are described briefly below.

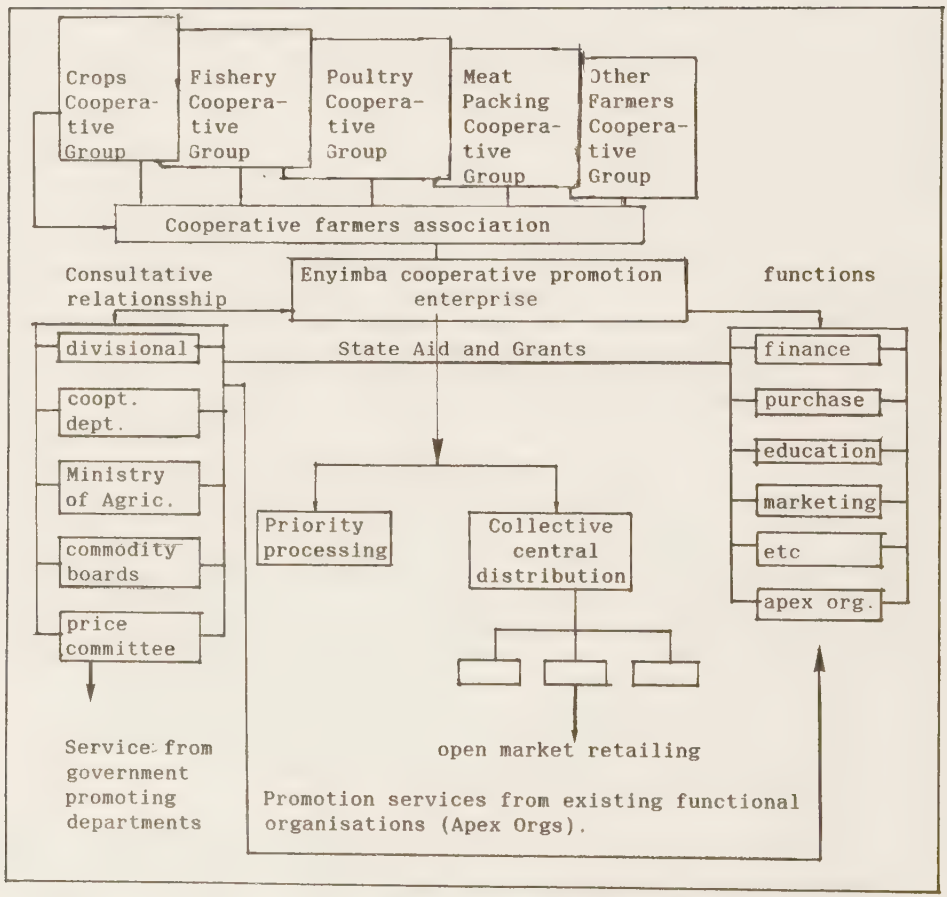

Figure 10.2. Enyimba Village Cooperative (the priority processing model) Activities Flow Chart.

The Basic Elements of the Priority Processing Cooperative, and their Functions

The three basic elements in the priority processing cooperatives are the association of primary cooperatives, the cooperative promotion enterprise and the cooperative central delivery store. The other Phase One elements are also present in Phase Two. The association of primary cooperatives in this priority model plays the role the membership association played in Phase One - the formulation of members' common objectives. The cooperative promotion enterprise operationalises members' common objectives and manages the third element, the collective processing central delivery store.

Enyimba Cooperative Central Delivery Store

The central delivery store is considered important enough to merit separate discussion here. Since the priority processing cooperative is an association of primary cooperatives, I have suggested the establishment of a central delivery store carrying all the products of these cooperatives, so that they can be marketed together. This should increase the volume of member cooperatives' business. Members could also maintain a permanent presence in the open market as already discussed, especially through open market retailing.

The Final Stage of Phase Two

The final stage of Enyimba Village Rehabilitation Cooperative is when the cooperative associations in the priority processing cooperative merge into an integrated multi-purpose cooperative organisation. The model for this is shown in Figure 10.3. below. By this time, the primary cooperatives organised in Phase One will lose their individual identities. Members' private enterprises will be served directly from the cooperative promotion enterprise in the local government capital. This enterprise will have decentralised offices located in the community council areas.

More details of this final stage are given in Appendix ten below when discussing implementation strategy. It is, however, important to note here that Enyimba Phase two represents my full proposal for the Enyimba Village Rehabilitation Cooperatives.

Brief Commentary on Enyimba Village Cooperative: Phase Two

Where Phase One defined my concept of loose collectivism, Phase Two defines my concept of moderate collectivism. The reasoning behind Phase One was to gather together all forms of primary production in agricultural production. To allow flexibility, a loose collectivity was deemed reasonable, since there could be diversity in adaptive mechanisms adopted by the cooperatives. At the same time, competition will not present serious problems at production level since there are multiple objectives in production: not all cooperatives would be producing for marketing purposes.

For Phase Two, a moderate collectivism was considered appropriate in order to reduce the effect of competitive pressures on the cooperatives designed, since their major objective is now to market

their products. Hence Phase Two encourages both vertical and horizontal integration in production and marketing. As aspects of competitive strategies, these measures can lead the cooperatives to a position of differential advantage relative to their local competitors in the villages.

The basic idea of competition begins with the assumption that every enterprise must seek and find a function in order to maintain itself in the market place. In doing this, it attempts to find a unique position among its competitors (differential advantage) in terms of business location, products sold, operating methods, or the customers it serves. Local competitors have the advantage of family unpaid labour while the cooperatives themselves employ paid labour. Because of this, cooperative products cost more in the local markets, while local families can sell at any price. It is this situation that motivated the design of the priority processing model.

The Phase Two model of Enyimba village cooperatives should also correct the misinterpretation of the multi-purpose concept currently prevalent among multi-purpose cooperatives in the ECS. The concept of multi-purpose in Phase two refers to the functional services rendered by the cooperative establishment to members' economic projects, not to the setting-up of unrelated projects by a heterogeneous cooperative membership lacking growth opportunities. Secondly, the Phase Two model would provide practical knowledge of how to encourage small industries to grow up from the local areas, at the same time producing goods demanded by the local population.

10.3.3. Enyimba Village Cooperatives: Strategies for Environmental Adaptation at State Level: Phase Three

Phases One and Two handled mostly the internal adaptive problems facing the new cooperative organisation. Solution of these was expected to help the Enyimba cooperative to meet the demands of local competition in the markets where they sell their products.

Irrespective of the problems created for the primary cooperatives in the ECS by their local competitors, the decisions of certain government departments affect the marketing activities, notably the marketing of cash crops such as palm produce and cocoa, both of the cooperatives and of non-member farmers. The major departments here are the commodity boards, which replaced the former Marketing Boards, and the present Pricing Committee. These two Federal Government agencies are presented in Table 10.1. in the next section.

The major problem I found in these two agencies is that the interests of farmers' cooperatives and of non-cooperative farmers are not represented in the committees that make decisions affecting the marketing of agricultural products. The farmers always accept the decisions made, without understanding their implications for the marketing of their products. Since these are state and national level decisions directly affecting the marketing activities of the cooperatives at primary level, there is need for the cooperatives to develop appropriate organisational structures for adapting to them. This is why I consider it reasonable to make projections for the future developemnt of agricultural development in Nigeria (i.e. at

national level) using the platform of the Enyimba cooperative.

The solution of the research problem has been sought at community council and local government area levels. Phase Three of Enyimba village cooperatives is a future projection and, from the systems approach point of view, is considered very important.

Elements of the Third Model

The major elements of Phases one and Two remain unchanged. Two major new elements to be discussed here are the state Association of Agricultural Cooperatives and the National Organisation of Nigerian Agricultural Cooperatives. These do not exist at present: I predict.

The State Association of Agricultural Cooperatives

The purpose of creating this apex organisation would be to help coordinate the activities of the smaller cooperative processing industries that are emerging in the two states studied. It would take unified action to study the problems of the cooperatives and supply them with information useful for growth. Also, it would negotiate other inter-cooperative relationships for the primary cooperatives.

The Federation of Agricultural Cooperatives

The national Federation of Agricultural Cooperatives would perform the same activities as the state Association, but at national level. My aim here is that this Federation would represent cooperatives' interests on the commodity boards and the pricing committee. It should also coordinate other problems facing the cooperatives at national level. Non-cooperative farmers engaged in agricultural production are the major constraints here, and this model has not indicated how to adapt to the influence they may have on major cooperative marketing policy in relation to price stability. If non-cooperative farmers were organised, it would be possible for the cooperatives to react to them at organisational level, for example through compromise or recognition of mutual interests in marketing activities. In some developed countries this was also a serious problem during the early stages of agricultural cooperative development. One solution in certain countries was to force every farmer into loose price and production control association. I doubt the possibility of using any kind of coercion in Nigeria, but such loose market unions in the form of cartels are popular in the ECS. Cartels are easier to maintain because of social and economic ties between the sellers or other groups involved (1).

10.4. Summary of the Major Changes in the Present Cooperative System and of the New Component Agencies in the New System

This section will present a brief evaluative comparison of the cooperative systems studied and the new system suggested in this chapter. Table 10.1. below summarises this comparison.

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1. Miracle: Market Structures in the Tribal Economies of West Africa: Anschel, Branon and Smith, 1969.

The major differences between the present systems and the projected one are:

1. Instead of having four state level apex cooperative organisations (see Chapter four) rendering diverse services to all types of primary cooperatives, services to farmers' cooperatives would be the responsibility of only one apex organisation in a state government area. Cooperative farmers would have their own state apex. The reasons for this were discussed in Chapters seven and eight.

   The state government apex organisations whose activities have been disengaged in the new system are:

   a) The Cooperative Wholesale and Consumer Associations
   b) The Produce Marketing Association
   c) The Cooperative Financial Association.

   The activities of these three organisations have in the new system been taken over by those of the suggested Agricultural Cooperative Association of a state government area.

   The implication of this disengagement in the case of the cooperative wholesale organisation and the produce marketing organisation is that the primary cooperatives at local government level can now handle the important cash tree crops such as palm produce (palm oil and kernel) previously handled by the apex organisations. I consider this appropriate since, at village level, private individuals are licenced as buying agents for the Federal Government Palm-Produce Commodity Board. The primary cooperatives are now capable of handling this lucrative business. We have noticed before that the apexes select the profitable agricultural productive activities, leaving only the low-profit business to the primary cooperatives. This change can improve the new economy.

   The present activities of the cooperative financing agencies should be taken over by a functional department in the state government Agricultural Cooperative Association suggested above. This could reduce the administrative overheads paid by the primary cooperatives. In Chapter eight we saw that the primary cooperatives had received no dividend for the past five years irrespective of the amounts invested in the agencies.

2. At local government area level, the present cooperative systems of Anambara and Imo states have 23 and 29 Divisional Cooperative Councils respectivly. In the new cooperative system, these councils have been discontinued and their activities taken over by the new local government level promotion cooperative.

3. At community council level, instead of having so many fmcs' with limited socio-economic activities in the smaller villages, it is suggested that one integrated primary cooperative be responsible for a whole community council area.

SUMMARY OF MAJOR CHANGES IN THE PRESENT SYSTEM AND NEW AGENCIES CONTEMPLATED IN THE NEW SYSTEM!

The Present Primary Cooperative System			The New Primary Cooperative System		
Present Agencies	Functions	Evalution	Agencies	Function	Expected Results
Primary FMCS	Promotion of economic and social interest of members	Low performace in structural quality and economic activities due to adaption problems in ECS	Redesigned integrated farmers Cooperative (The New Primary Co-	Promotion of individual private economies of members priority processing and marketing of members agricultural output for increased monetary income.	Improvement of effectivity and efficient performance.
The Present Apex Organisation					
Cooperative Wholesale and Consumers Association	For supply of essential consumer commodities to members and marketing of members agricultural output.	Disfunctional for future agricultural cooperation in ECS due to concentration of interest on essential commodities and less interest in agricultural products by farmers. Selective in agricultural products to be marketed.	Agricultural Cooperative Ass.[1] of ECS. (A functional organisation to operate at state level.)	To be organised into functional departments responsible for management of agricultural credit, marketing and representation of agricultural cooperatives at state level in ECS.	Reduction of interests paid on loans due to administrative overhead in the present cooperative financing agencies. Better understanding of marketing problems facing farmers and better representation of farmers in state matters.

1)Association

The Present Primary Cooperative System			The New Primary Cooperative System		
Present Agencies	Functions	Evalution	Agencies	Function	Expected Results
Cooperative financing Association Limited	Supervision and management of agricultural credit to primary cooperatives.	Low performance in dividends declared to farmers. Inbalance relationship with primary cooperatives due to low level decision making ability in the primary cooperative.	Cooperative financing Department	Supervision of agricultural credit to farmers and organised as a functional department in the new agricultural cooperative Association of ECS.	Reduced interests on loans due to direct dealing with banks and reduced administrative overhead due to decentralization of certain activities to primary cooperative and to the cooperative union itselt.
Cooperative Produce Marketing Association	Marketing of cash crops e.g. palm-produce, cocoa, etc.	Low performance and considered inappropriate for future cooperative development.	Produce Marketing Department of the Agricultural Cooperative Assoc of State Government Area.	To supervise the produce marketing problems of the primary cooperatives. The primary Cooperatives are expected to be the buying agents of the marketing boards	Improved organisation of produce marketing of primary cooperative and increased monetary returns to primary cooperatives due to direct marketing relationsships with the commodity boards.
Cooperative Union of all types of cooperatives in a state.	Supervise cooperative development activi ties and represent the interests of cooperatives generally at state level.	Necessary for cooperative development.	Cooperative Union of all types of cooperatives in a state.	The same as in the old system.	Coordination of genera interests of cooperatives at state level.

Present Agencies	Functions	Evalution	Agencies	Function	Expected Results
Government Co-operative Departments	General Management of the Cooperative system	Necessary for future Cooperative development in ECS but presently in unbalanced relationsship with primary cooperatives.	Government Cooperative Departments	Strategic management and coordination of cooperative system of State Government Area.	Monitoring Government Cooperative Development objective. Achievement of high quality effectivity.
Divisional Cooperative Offices	Supervision and management of coopperative development activities in a local government area.	Necessary for future cooperative development in ECS	Divisional Cooperative Offices	Strategic management of cooperative development activities in a local government area.	Achievements of effectivity with respect to government cooperative development objectives in ECS.
Commdity Boards	Auxilliary role of encouraging the the production and organisation of the marketing of the major agricultural products for local consumption and processing in ECS	Necessary for future cooperative development in ECS	Commodity Boards	The same as in the the old system. Accept primary cooperatives as agents of major cash crops e.g. palm produce.	The marketing of palm produce, cocoa, etc The Cooperatives to act as buying agents.

Present Agencies	Functions	Evalution	Agencies	Function	Expected Results
Price Committees	Fixing prices for major agricultural products.	Negative perfomrmance because of absence of cooperative representation.	New Price Committees which includes representatives from the cooperative movement	Fixing of prices for major agricultural products.	Better understanding of agricultural cooperative problems and better pricing strategy adopted.
Agricultural Service Center	Education of farmers in new farming methods for efficient production.	Necessary for future cooperative development in ECS.	Agricultural Service Centers	The same as in the old system	Better farming methods adopted which can increase production necessary for attainment of efficiency.

10.5. Financing the new Cooperative System

In Chapters five and six we saw that the present primary cooperatives are financed chiefly from members' share subscriptions, thrifts and savings, membership deposits, reserves, non-recurrent incomes (e.g. entrance fees, grants, special contributions, etc) and loans (both internal and external).

The financial problems of the existing ECS cooperatives are enormous. Internal capitalisation is very low because of low membership and low incomes in the villages. The cooperative law of Eastern Nigeria requires the primary cooperatives to save 25% of their net surplus annually in order to improve their reserves. However, the financial tables in Chapters five and six reveal that the net surpluses reported are insignificant. Because of the problems of internal capitalisation, the primary cooperatives have to seek external loans, the major sources of which are the apex organisations (especially financial). The apex organisations' sources are the cooperative bank and the agricultural and cooperative bank owned by both the ECS state governments and the Federal Government respectively.

The financial records investigated during the empirical investigaiion showed that loans received by primary cooperatives from these organisations are not enough to finance meaningful economic projects. In 1974, of N 7 million issued by the cooperative bank of the ECS, only N 100,000 went to the cooperative movement (1). This is about 1.4%. In 1979 the cooperative financing agencies in both Anambara and Imo isssued to their members (564 and 299 respectively)) averages of N 1,745 and N 6,689 per primary cooperative (see Chapter five). This is about N 24 and N 122 per cooperative member in the two states. In both Oru and Oguta, which were studied during my empirical investigation, the primary cooperatives receiving loans between 1978 and 1979 had averages of N 78 and N 291 respectively in these two local government areas. The loans received are not only insufficient, they are short-term , while in reality these cooperatives need medium- and long-term loans in order to meet their capital investment needs. Banks and other financial institutions are unwilling to issue credits to the cooperatives because of their weak economic positions. Also, the cooperative bank functions as a commercial bank, so it has its preferences; and it is owned and controlled by the two state governments of the ECS. This is unlike the situation in Western Nigeria where the cooperative bank is owned and controlled by the cooperative movement, which receives most of its annual credits.

The new cooperative system was designed to improve the mobilisation of internal financial resources so that the new primary cooperatives could reduce their dependence on external loans as the major source of finance for economic projects. The strategy adopted for this is to improve membership, control of cash crops (eg palm produce) currently marketed through the commodity boards, and storage facilities for non-durable products in order to maintain their supply in the local markets all the year round. My view is that at the first

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1. see Eze, A.: The Financing of Nigerian Cooperatives: New Trends in African Cooperatives, by M.O.Ijere (1974).

level of cooperative development (Phase One), members could be in a better position to finance economic projects to some extent through their share subscriptions, thrifts and savings, contributions, and trade deposits by the cooperative groups. In the old system, each primary cooperative paid about N 200 in trade deposit to both the secondary unions (DCC) and the apex consumer association (CWCA). If this amount were now paid to the village cooperativess at community council level, and with the sum from share capital, the new cooperative could finance basic farming projects as a consequence of improvement in membership (see Table 10.2.)

This would not, however, exclude the need for external loans. My suggestion is that the loan-issuing institutions should devise a scheme to encourage medium- and long-term loans to the primary societies. Short-term loans are inadequate because the nine- or twelve-month periods granted to members do not always allow them to harvest, process and market before repayment is due: remember that the planting season in the ECS is about nine months. Consequently, to pay back their loans within the specified period the cooperatives are forced to sell their crops at any price, or to borrow from local moneylenders at higher interest in order to repay.

When my Phase Two of cooperative development is organised at local government area level, there would be a further increase in total cooperative membership, and cooperative groups would also increase. Were the new system to be organised in Ihiala local government area (see Chapter six), the following changes could result (Table 10.2).

Each cooperative at the community council area level would have an average of 113 members before organising the promotion cooperative at local government level. When the promotion enterprise is organised, it would have about 1,234 members, the village cooperatives at community council level disappearing. This means that the administrative costs of maintaining them formerly would fall to the new local government area cooperative. Also, share capital, thrifts and savings, trade deposits, etc, would increase. Because of this internal capitalisation improvement and the contemplated improvement in the quality of management, the cooperative bank and other financial agencies would be willing to finance the cooperative's projects.

At state level, financing the new apex organisation would not be a crucial problem at this initial level of development. Financing the Association would depend on the consensus reached among the cooperatives functioning at each local government area level. These are the major strategies suggested for financing the new cooperative system.

10.6. Cost and Benefits of Implementing the New Agricultural Cooperative System

The design of a new cooperative system for the ECS could be viewed as a public policy decision. According to Quade (1975), the term policy analysis is more likely to be used when political and social factors predominate, as they are likely to do in public policy decisions, where the basis for selection of an alternative project or programme

is always cost. Cost estimates are arrived at by employing forms of policy analysis such as cost-effectiveness or cost-benefit, which lead to choice of an alternative. Sometimes intuition and judgment are used, depending on the investigator's knowledge.

I would emphasise here that the necessary and relevant cost estimates concern the incremental costs that will be incurred by reorganising the present activities of the government cooperative-controlled agencies in the local areas, and those of the cooperative movement. These are generally viewed as implementation costs. On the government side, they would be incurred at the various levels and phases of development of the new cooperative system.

However, while there could be ways to assess costs, it would be difficult to estimate cooperative members' incomes from the cooperative service organisations, since incomes are achieved indirectly by members' economic enterprises. So the differences in the structural quality of the present ECS fmcs' and the cooperative contemplated here can also be regarded as a meaningful basis for assessment. Let us consider implementation costs at the various levels, starting with the costs to be incurred by the government.

10.6.1. Government Implementation Costs

Government implementation costs are those incremental costs that the government cooperative development agencies could incur during the period of implementation of the new system. These would be incurred during each of the three implementation phases, at the three major systems levels in the ECS.

Implementation Costs at Phase One (Community Council) Level of Cooperative Development

Implementation costs at this level can be incurred from the following:

a) education and spread of information to cooperative members about the new system,

b) communication with other government departments that may be involved, e.g. the Ministry of Agriculture, the commodity boards, etc,

c) design of material incentive strategies to motivate present cooperative members to organise the new system,

d) direct operating costs of the DCO's in the local areas during implementation,

e) costs of services rendered by the agricultural service centres

However, only a segment of these costs will be allocated to agricultural cooperatives, since the DCO's also manage other types of cooperative organisation in the same area.

Government Implementation Costs at Phase Two (Local Government) Level

The implementation costs here are those of the services of the DCO and the agricultural service centres presented above, so no additional implementation costs will be incurred.

Government Implementation Costs at Phase Three (State) Level

Government costs here are the fixed costs of operating the cooperative departments at state level. They cannot be viewed as implementation costs unless during the period of implementation more work were to entail an increase in staff. This is not possible, so there would be no implementation costs at this level.

General Overview of Government Implementation Costs

If ECS governments implement the new cooperative system, the direct cost may possibly drop, because the system was designed to be independent in the future. The reasoning here is as follows.

In each of the four local government areas studied, an average of three government cooperative inspectors inspect an average of 19 cooperatives each. In Ihiala during my investigation, three inspectors inspected an average of 14 cooperatives each. If the Enyimba system were implemented in Ihiala, the three inspectors would have to inspect approximately four cooperatives each. Also, instead of 42 cooperatives in Ihiala local government area, there would be only 11 to operate and supervise. This reduction could improve the effectivity and the efficiency of the work performed by the government cooperative office in the local government area. These improvements are also aspects of cost reduction.

When the new system is fully implemented and the services of the DCO taken over by the new agricultural cooperative apex organisation, the cost the government budgets for operating the present DCO's can be reduced and the saving invested in other sectors of the economy where it could be more productive.

10.6.2. Cooperative Movement Implementation Costs

The cooperative movement's implementation costs would be as follows:

Cooperative Implementation Costs at Phase One (Community Council) Level

a) the cost of employing a trained cooperative manager to manage the cooperative establishment,

b) the cost of locating distribution stores in the open market centres,

c) the cost of building or hiring cooperative establishment premises,

d) the cost of buying a distribution vehicle,

e) the cost of purchasing crop processing machinery, etc.

Cooperative Implementation Costs at Phase Two (Local Government) Level

a) the cost of employing a trained manager to manage the promotion cooperative,

b) the cost of constructing a central storage system for preservation of perishable products,

c) the cost of building or hiring cooperative promotion offices,

d) the cost of buying a distribution vehicle.

Cooperative Implementation Costs at Phase Three (State) Level

a) the cost of hiring a trained manager for the apex organisation,

b) the cost of hiring an administrative office.

10.6.2.1. General Overview of the Cooperative Movement's Implementation Costs

If the new system were to be implemented, it is possible that cooperatives in the local areas could finance the implementation costs. In the case of Ihiala, we could use Table 10.2. to present an overview of what would result.This table was derived by assuming that the present agricultural cooperatives in Ihiala would merge into one Enyimba cooperative.

Average membership per cooperative in the eleven community areas has increased from 30 to 113. Also the financial picture has improved. Comparing with Tables 5.11., 5.22., 6.17. and 6.18., which give information about individual fmcs' studied, the increased membership and economic strength may enable the cooperatives to engage in more meaningful productive and marketing activities. They could have the strength to employ a trained, paid cooperative manager, and to attract loans from government cooperative development agencies. But the organisational and administrative problems resulting from implementing the new system have been dealt with, so the possibility exists that the new system can achieve the objective of food and agricultural producton which is the basis for satisfying membership interests in joining.

Membership satisfaction is the basis for assessing the benefits of the cooperatives to society. Since the present cooperatives are not attaining their goals, it would be more expensive for society to continue to finance them than to improve their prospects of achieving their real objectives.

Table 10.2. showing the situation in Ihiala at implementation, is given overleaf.

Table 10.2. Total Financial Situation of Farmers' Cooperatives in Ihiala at Implementation of Enyimba

Farmers' Cooperatives	Total memb.	Paid-up shares	Savings deposit	Total reserves	Loans granted
11	1,240	55,761	14,557	10,522	19,564
Average situation of one coop.society	113	5,069	132,155	95,655	177,855

Source: Derived from official document from DCO Ihiala for 1981.

10.7. Conditions for Implementation of the New System in the ECS

Four major conditions are to be discussed here, namely government support, farmers' educational and vocational training, incentives, and feasibility studies. The discussion is based on insights gained during the field studies in the ECS.

10.7.1. Government Support

The first condition is that the government play a leading role in implementing the new system. The government manages and controls the present cooperative sysems, so local cooperative initiative moves in the direction of government policies. This is the reason why the government has been able to change from the first strategy of single-purpose, to moshav, and then to the present fmcs'. So given the will to do so, the government can implement the system through policies that will influence the cooperative movement to organise the new cooperatives.

10.7.2. Farmers' Educational and Vocational Training

The second important condition is that of education for those who will be interested in organising the new system. This educational approach could be viewed as a type of persuasive incentive. The substance of this educational strategy is to communicate to cooperative members the opportunities that can be derived from the new systems; but also its limitations and demands.

10.7.3. Incentives

The relationship between the government and cooperative members is based on the compulsory contract. Since this type of relationship is voluntary, each partner can withdraw at any time. So for the government to keep farmers in the new cooperatives, material incentives could play important roles as the basis for membership motivation. The same relationship will obtain in the new system, so the design of diversified material incentive strategies would be important in influencing present cooperative members to organise the it. Such material incentives include loans, fertilizers, seeds and places in the open market centres for the distribution of members'

produce. Those willing to organise these cooperatives must aim at designing para-cooperative activities in the local areas in order to improve member interaction within their areas of location.

10.7.4. Feasibility Studies

Finally, more feasibility studies are needed before the new system could be organised. Such studies would improve the authorities' knowledge of the stategies for implementation, which will be discussed below.

By way of summary, the most important preconditions for implementation of the new system are to educate the members concerning its positive and negative aspects, and to design appropriate incentive strategies needed for maintaining the present relationship between the government and the cooperative movement.

10.8. Summary and Conclusion

This chapter has presented and discussed a new agricultural cooperative system for a state government area in the ECS, concentrating on the structural aspects rather than the processes. The focal organisation in the new system is the Enyimba village cooperative, which is a new model of agricultural service cooperative suggested as the platform for the promotion of the new system. This new cooperative is multi-purpose and goes through three phases of development to become a full cooperative service organisation.

The major objective of the new system is to help cooperative members organise their productive and marketing activities in the local areas. The system was designed on the rationale that it could stabilise farmers' supplementary incomes from agriculture. If it could achieve this, it is possible that people would be willing to participate. The discussions on financing the new system indicated that cooperatives so organised could improve their internal financial resources through increased membership better than the present system. The cost-and-benefits discussion indicated that the new system could be more economical for ECS governments to implement than maintaining the old one.

The knowledge gained from the theoretical and empirical studies preceding the design of the new cooperative system shows that the model of agricultural cooperation recommended here could adapt in the ECS. In the appendix to this chapter I shall discuss the implementation strategies for the Enyimba cooperative model.

APPENDIX 10

A.10.1 Implementing Enyimba Village Cooperatives in the ECS

Having discussed the conditions for the implementation of the new cooperative system in the ECS, I shall in this appendix discuss how it could be implemented in the ECS. At the end I shall compare the Enyimba cooperative with cooperatives of related forms now operating in other regions. I shall use one of the local government areas

studied during the empirical investigation as an example. The discussion on implementation will concentrate only on the policy decision area: coordinative and integrative decisions can be discussed only after the first feasibility studies preceding actual socio-economic operations.

Generally, implementation problems here include the major administrative difficulties which could result from the choice of strategies and structures, e.g. centralisation to decentralisation, managing regional activities, marketing multiple agricultural products, measurement of organisational performance, etc.

In the last two chapters we dealt segmentally with the problems of implementation each time we made suggestions for new strategy and structures. In this section, very few suggestions will be made on how to implement the establishment of certain organisational components or functional organisations. Details must await more feasibility studies.

A.10.1.1. Implementing Enyimba in Ihiala Local Government Area: Phase One

The Enyimba model is conceptualised primarily for use in combining processing and marketing activities in the local areas. So in order to organise Enyimba in Ihiala, we expect it to function at both community and local government headquarters in Ihiala, as shown in Figure 10.3. below. At present, there are about 35 farmers' cooperatives in the local government area, which is made up of 11 community council areas. These farmers' cooperatives produce mostly food crops such as cassave, yams, maize, etc, and only Azia Fmcs and Okija Livestock Fmcs are interested in livestock products. Okija Livestock has already become inactive.

The idea of Enyimba Village Cooperatives is to form primary agricultural cooperatives at community council level to engage in basic productive activities and to form a secondary priority processing and marketing cooperative organisation at local government level for further promotion of members' economic activities. The secondary organisation is to be established at the local government headquarters to set up distribution stores and small-scale processing plants in economically viable areas within the local government areas or other parts of the state.

The concept of priority already mentioned is for the secondary society to take up activities that are more profitable to members and that require low processing technology and marketing promotion. When the cooperatives are well established they could embark on more advanced operations.

We expect the present eleven community councils in Ihiala to have one primary cooperative each, with the members grouped and organised in the smaller satellite villages. This means that Ihiala, which is a community council area within Ihiala local government area and also its local capital, instead of having 12 (see Table 6.2.) primary agricultural cooperatives, will have only one, with members grouped in its 27 smaller villages. Also, within the whole of Ihiala local

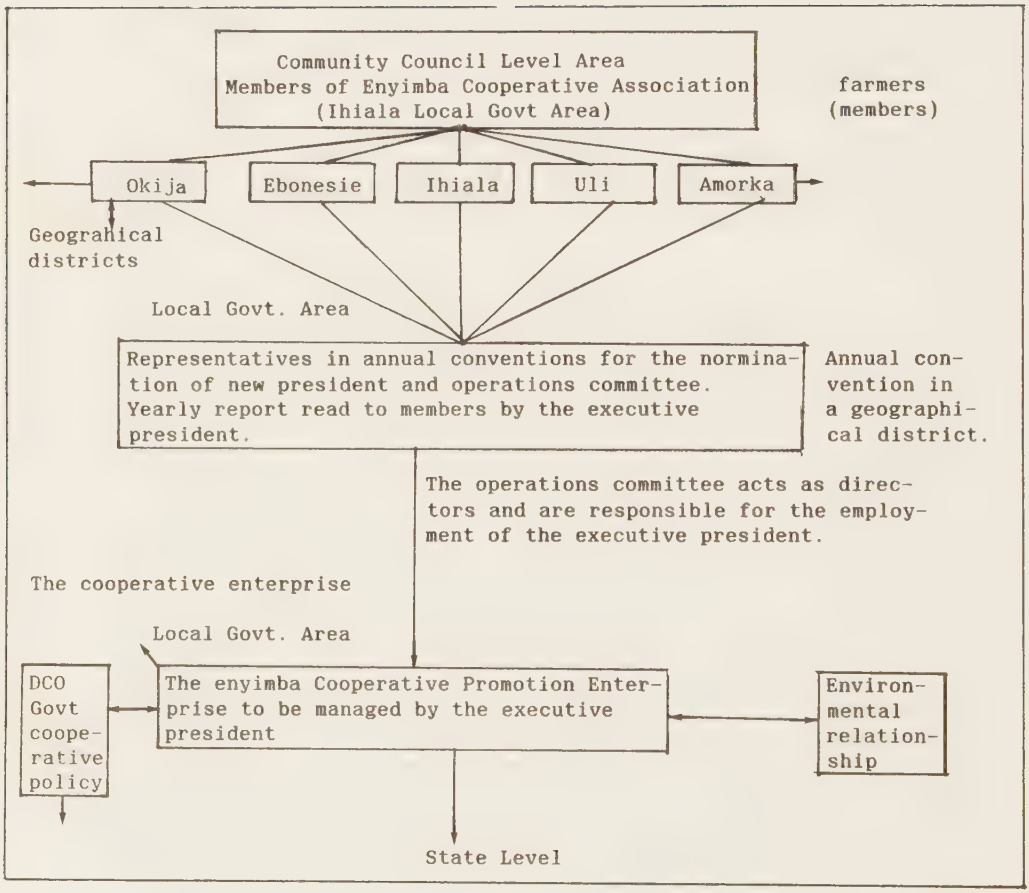


Figure 10.3. Prediction for the future merged organisational set-up of Enyimba cooperatives in a local government area with Ihiala as an example.

government area, instead of having 35 weak primary cooperatives (see Table 6.2.), we then have 11 primary agricultural cooperatives and one Enyimba priority processing cooperative as a secondary organisation to promote these eleven. The tables below show the position after reorganisation.

Table 10.3. Expected Distribution of Primary Enyimba Cooperatives and Membership in Ihiala Local Government Area

Community Council Area	Number of Primary Coops.	Membership
Amorka	1	52
Aziz	1	104
Ihiala	1	415
Ihiembosi	1	137
Lilu	1	68
Mbosi	1	25
Okija	1	149
Orsumuoghu	1	45
Uli	1	133
Iseke	1	70
Ubuluisiuzor	1	42
	11	1,240

Major Problem after Reorganisation

The major problem after this reorganisation is that some community council areas still have low membership, e.g. Mbosi, Ubuluisiuzor, Orsumuoghu, etc. This means that capitalisation will still be low and these areas cannot hire the recommended expert decision-makers. It is this that led to recommendation of the priority model so that activities (mostly production, processing and marketing) can be managed and organised by the recommended secondary society, which has an expert decision-maker. The cooperatives would pay less for his services than for hiring them individually.

A.10.1.1.1. Initial Financial Problems after Implementation of Enyimba in Ihiala

The figures in Table 10.1. show that average membership per cooperative in the eleven community council areas has increased from 30 per community council area to 113 per cooperative. Financial figures have also improved, but are still low per cooperative. This means that each cooperative will find it difficult to embark on separate development projects. So the importance of and reason for my priority marketing and processing strategy could now become clear. To solve the problem of low capitalisation, the cooperatives will engage in selected profitable development activities through the promotion agency (i.e. the secondary cooperatives recommended). I shall discuss the implementation of this in the next section, which is preceded by Figure 10.4.

A.10.1.1.2. Strategies for Implementing the Priority Processing Model

Apart from being the local capital and headquarters of the local government area, Ihiala is the major economic centre. It has state ministries, banks, (e.g. the African Continental Bank, Ltd.), insurance companies, department stores, etc. At the time of the empirical investigation, a cooperative warehouse was under construction by the State Cooperative Department. There are about six secondary schools in Ihiala alone, with primary schools dispersed throughout the smaller villages. The Nkwo-Ogbe daily market located at the central station is the major commercial centre. The strategic location of Ihiala on the Aba-Onitsha motorway increases its importance since it is a major stop for buses from Lagos (the national capital), Owerri (the state capital), Umuahia, Nnewi, etc.

With respect to the priority processing cooperative, members could locate the cooperative enterprise in Ihiala for the sake of administrative convenience. Also, the central distribution store would, for economic reasons, be located at the central station in Ihiala. Cooperative members would need to decide whether to set up the processing machinery in Okija, Uli, Amorka, etc, depending on where the major crop comes from. If most of the cassava comes from Okija, for example, it is reasonable to locate cassava processing in Nkwo-Okija. . However, the location of this machinery must clearly take transportation constraints into account.

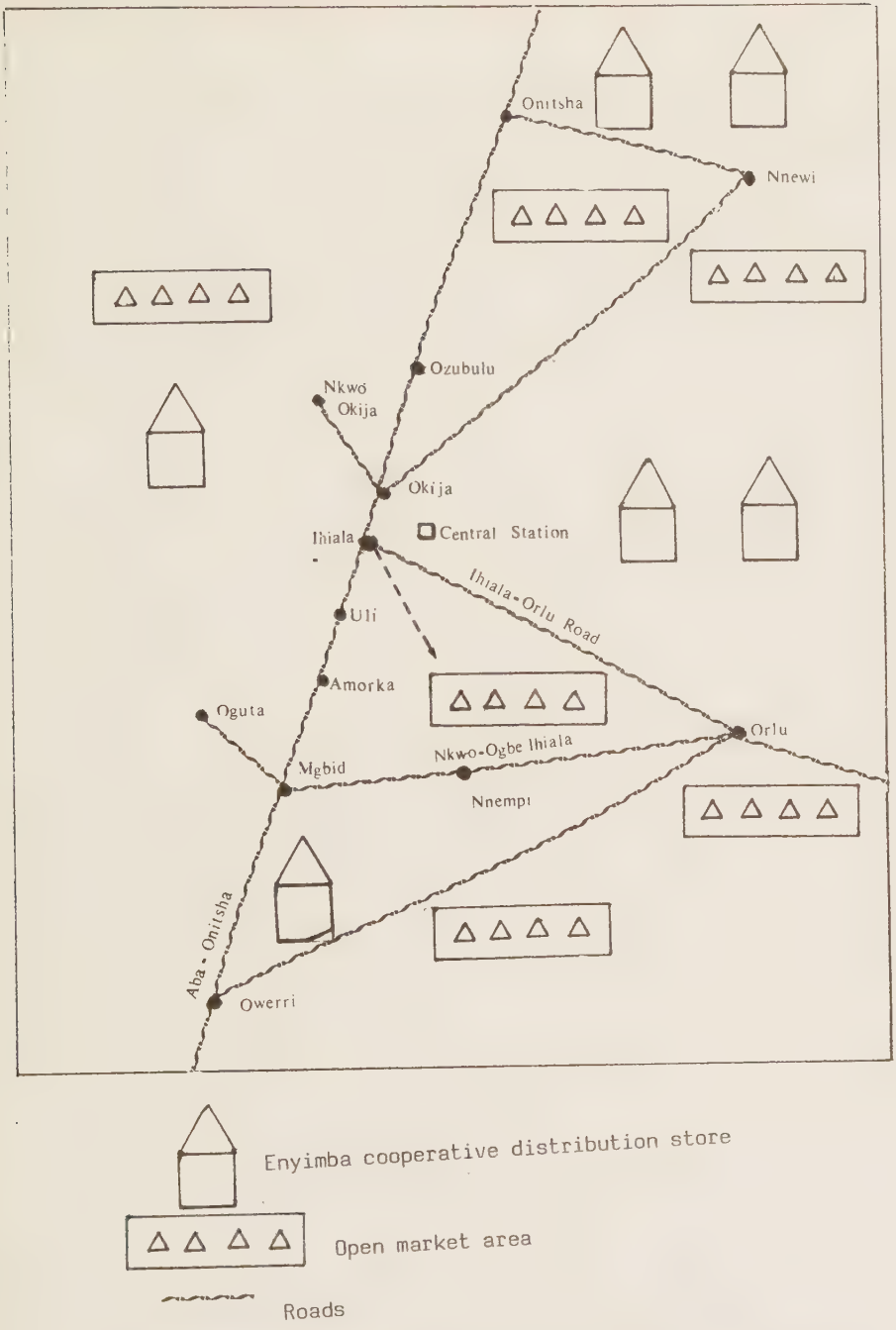
The cooperative consumer retail stores can be established chiefly in Okija, Uli, Nnewi, Onitsha, Owerri, etc. This need not happen immediately: the stores will be established after detailed planning according to members' financial ability (see Figure 10.4. below). The major problem in the suggestion made above is to secure positions for the stores in the open market areas since there is always a scramble for strategic locations. I suggest that where this is difficult, the local government officials who control the markets can help to secure stores in the market areas for members since this is a development project on a trial basis.

A.10.1.1.3. The Use of Pilot Projects

I suggest that pilot projects can be used in one or two local government areas to test the above model before farmers are fully encouraged to use it. Such pilot projects can give more insights into the practical problems that arise and could be solved before organising the model on a larger scale.

If these projects are successful and the model is adopted, then at some time in the future members could decide to integrate all their activities into one Enyimba cooperative promotion enterprise with their operations dispersed over their regions. By then the organisational build-up will be assuming the contours of the structure shown in Figure 10.3. Members will nominate their officers as follows. Each year, each of the towns making up a local government area can nominate some delegates to an annual convention. This will then nominate the "operating committee", whose members will act as directors for one year. The operating committee will be

Figure 10.4. Suggestions for Implementation of Enyimba Cooperative



The cooperative is located in Ihiala Local government Area. The map shows the suggested geographical dispersion strategies for cooperative marketing outside the local government area.

responsible for appointment of the executive president, as mentioned above. The model need not necessarily be organised at local government area level: it could also be organised in each of the towns making up a local government area.

A.10.2. Comparative Analysis of the Models of Enyimba Designed Above

Having completed the design of a cooperative organisation for the ECS, I shall now compare Phases One and Two with agricultural cooperatives that have related organisational structures. The comparisons will refer to regional experience in other countries.

A.10.2.1. Enyimba Phase One

Theoretically, Enyimba Phase One has the organisational structure of a multi-purpose cooperative. It is more related to the original concept of Raifeisen's model of the multi-purpose (see Chapter two); but the functions it is designed to perform in the ECS are more advanced than those of the original Raifeisen model. The management suggested is also more decentralised than Raifeisen's, which was fully centralised with a limited type of membership participation. Raifeisen' model was first organised to supply the needs of farmers: later, credit was included and finally marketing was added to its functions. At higher levels of development, Raifeisen's multi-purpose cooperative specialised and subsequently split up into single-purposes such as the Raifeisen Bank in Germany.

The Enyimba village cooperatives can also be compared with the moshav agricultural cooperatives in Israel. A moshav cooperative is primarily a multi-purpose cooperative society with limited liability established in small villages to promote farming as the sole occupation and source of living of its members (Dov Weintraub, 1971). The nuclear family is considered the basic social and economic unit and the various households are closely bound together by mutual solidarity and aid as well as by common agricultural, financial, supply, marketing and other services. The organisational structure is thus of the integrated type.

Apart from being an agricultural cooperative, the moshav advocates a specific way of life in the village. In each moshav, an equitable division of means of production (chiefly in respect to size and quality of plots, water resources and capitalisation) is maintained. The local government authority is also responsible for cooperative functions. A general assembly of adults decides upon matters of principle and lays down the general policy for both village and cooperative operations.

The only similarities between the moshav and Enyimba are that they are both agricultural cooperatives used to promote production in small family agricultural enterprises. Both have integrated structures. Also their functional services are dependent on the needs of the village farmer.

A major difference is that the moshav is a pattern of farm settlement cooperative, but Enyimba is designed purely as a cooperative business

organisation. However, the concept of "rehabilitation" in my definition of Enyimba does make suggestions required to bring the Enyimba cooperative closer to the needs of the local consumers of its goods and services.

The design of the Enyimba village cooperatives is based purely on the economic problems of the farmers' private economic holdings, and it is these that are integrated into the functional organisation of Enyimba. By way of contrast, the organisation of the Israeli moshav was not motivated by economic problems: primarily it is the family of the members that is linked to the moshav, so the moshav becomes the central government of the village settlement. Yehuda-Don (1) states:

> "The voluntary nature of cooperatives in Israel was altogether different from the classical principle of voluntary participation of the Rochdale type. The motivation for cooperative action in Israel was not basically economic. Cooperation was thought to be a means of cultivating superior altruistic qualities in its members by educating them to subordinate their private desires for the sake of the community. In brief, a wide range of social, political and military objectives were part and parcel of Israeli cooperative settlement schemes."

A.10.2.2. Enyimba Phase Two (the Priority Processing Model)

The priority processing model could be compared with the integrated multi-purpose presented by Dülfer and discussed in Chapter two. It is also related to Laidlaw's centralised system (Chapter two). The Nedre Norrlands producentförening - a multi-purpose cooperative in North Central Sweden - is a typical example of a totally centralised multi-purpose cooperative, and the problem it was used to solve in Sweden is related to the problems facing ECS farmers now. The Enyimba farmers operate on a small-scale: in North Central Sweden, farming is also characterised by small-scale holdings. A centralized multi-purpose cooperative was used to solve the problem and Nedre Norrlands producentförening is still doing well since its formation in 1970. It now has a membership of 6,300 with 1,400 employees, and in 1980 it was expected to achieve a turnover of SEK 1,000 million.

A.10.3. Conclusion

In concluding this discussion I would point out that cooperatives related to to Enyimba village rehabilitation cooperatives have proved successful in different parts of the world. The Enyimba cooperatives have prospects of succeeding in the ECS since they were designed in consideration of the demands of ECS structural systems, and also on the basis of village farmers' needs. However, implementation should be preceded by pilot projects in order to gain more experience of operating in the ECS environment.

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1. Adaptation of Cooperatives to Economic Changes. The Experience of Israel. Journal of Farm Economics, Vol XLIX, Feb, 1967, pp. 119-130.

CHAPTER ELEVEN - SUMMARY AND CONCLUSION

11.1. Introduction

This chapter will summarise and conclude this research study. Extensive investigation has been carried out to find solutions to the research problems defined in Chapter one. Major investigative activities undertaken, and their findings, have been described in the three major parts of the work. I shall now bring together all these for a final overview, conclusion and suggestions for further research. I start by recapitulating the motivations for this research, the problems it has dealt with and the results of the study. Lastly I shall consider what contributions to knowledge my work may have made, and its importance for future cooperative development in Nigeria.

11.2. Motivation for the Research, and the Research Problem

The desire to undertake this research arose when I read that agricultural cooperatives in Nigeria were considered inefficient, and were showing insignificant progress. I first sought the reasons why this should be so, and have used the answers to make thoroughgoing suggestions for improvement.

After a preliminary theoretical investigation of the literature dealing with the theory of cooperation, published seminar and conference materials and previous empirical studies related to agricultural development, I found that the present pattern of multi-purpose cooperatives adopted by the ECS governments as the strategy for future agricultural development had structures that were not adaptable to present structural conditions in the ECS. Hence, the research problem was redefined as the search for an appropriate cooperative model for future development in this field in the ECS. This in turn indicated the need for the empirical investigation conducted in the ECS, which has played a complementary role in achieving the aim of this project.

My research has aimed at creating knowledge of the organisation of rural development projects by studying, from the point of view of efficiency, the agricultural cooperatives operating in the ECS, and by analysing the concept of efficiency in agricultural cooperatives generally. The second aim was to increase understanding of the performance of the present multi-purpose cooperatives, and the third to develop the new cooperative model for continued cooperative development activities in the region.

11.3. Methodology

As research methodology, I chose the systems approach, because the ECS cooperatives are embedded in a system with diverse functional relationships. An fmcs cooperative was viewed primarily as an organisational system from the social systems perspective (Parsons, 1956). The major methodological strategies employed are the study of

the literature on cooperative development, the empirical investigation, a descriptive analysis of ECS strategies in cooperative development and socio-economic activities in the local areas, evaluative analysis of the performance of the primary cooperatives studied and finally the normative design of the new cooperative system for the ECS.

The empirical investigation

The empirical investigation discussed in Chapter three was based on the sustained participation approach (Scott, 1965). The investigation aimed at:

1. collecting information on the intentions of the government in cooperative development policy,

2. collecting information needed to describe the whole cooperative system and its functional relationships with the fmcs' that actually operationalise the aims of ECS policy,

3. collecting data needed to describe the socio-economic activities of primary cooperatives in the local areas in the ECS,

4. observing the cooperatives' environments.

Interviews, study of secondary materials, and observation were methods employed, and both empirical and theoretical data were employed in the analysis.

11.4. The empirical results of the study

In consideration of the aims of the empirical investigation discussed in Chapter three, the data collected has been used:

1. to analyse statements of the objectives of government development policy in order to understand its intention in choosing the multi-purpose form of organisation,

2. to present a descriptive analysis of the whole agricultural cooperative system, i.e. the functional relationship between the farmers' multi-purpose cooperative organisations, the government institutions promoting them and the apex cooperative organisations. The results of case studies conducted in four local government areas, and some individual primary cooperatives within the local government areas, have also been presented.

3. Descriptive analysis of cooperative development in four local government areas in the ECS revealed some constraints in the agricultural cooperative systems. The constraints were further analysed in order to be able to propose appropriate solutions for further cooperative development in the ECS.

4. Depending on the operational objectives of the state govern-

ment and those of the cooperative movement, a common objective was isolated which represented the basic interests of the two parties in cooperative development. This common objective is food and agricultural production. On the basis of this, the performance of the fmcs' studied was evaluated by operationalising the concepts of effectivity and efficiency from which the criteria for evaluation were derived.

5. Further analysis made for the design of the new agricultural cooperative system was also based on the knowledge gained from the data collected during the empirical investigation.

11.5. Conclusions

This thesis project contains descriptive and explanatory information on my study of cooperative development activities in the ECS. The study explored efficiency problems facing the farmers' multi-purpose cooperatives in the two states studied. The project also contains the results of the study conducted, the consequences of the problems identified for future cooperative development in the ECS, and suggestions for solving these problems.

The conclusions to be drawn from the analyses made in the study are:

1. The farmers' multi-purpose cooperatives which are the patterns of agricultural cooperative encouraged in the ECS for the promotion of agricultural business organisation are at present performing at low levels. This is because of structural problems exhibited in:

   a) deficiency in formulating objectives and choosing strategies

   b) consequent failure to design the structure appropriate to the objectives and strategies formulated by members

   c) more detailed explanatory analysis linked these two problems to the multi-purpose policy that encourages heterogeneous membership, both farmers and non-farmers being admitted. This is the root cause of the above structural problems, forcing the cooperatives to operate as if they were cooperative production societies when they are supposed to function as service organisatons. At the same time, heterogeneous membership policy forces them to be capital-intensive in their choice of business strategies. Analysis showed that, economically, this policy benefits neither the state governments nor the cooperators. Hence my suggestion that this policy be changed in favour of one that encourages agricultural cooperation among owner-farmers.

2. There were more primary cooperatives (i.e. higher participation in cooperative development activities) in those community council areas where the cooperative development agencies (the Divisional Cooperative Offices, the Divisional Cooperative Councils and the Agricultural Service Centres) are located.

At present cooperative development agencies are concentrated at state and local government headquarters. There is need to locate more cooperative development agencies in the community council areas so as to make them more accessible to the local population. This measure could help spread more cooperative information, hence more people woud be willing to participate in cooperative development.

3. At present the farmers- multi-purpose cooperatives are small in consideration of membership and this affects their economic growth. Suggestions are given on how the cooperatives can increase in size.

4. The fmcs' studied showed general weakness in cooperative marketing. This problem is also related to heterogenerous membership, where the interests of the cooperators are not primarily agricultural. Only through the organisation of cooperatives of active farmers can marketing activities gain ground.

5. Cooperative development activity in terms of socio-economic diversification is greater in community council areas with more infrastructural development agencies and other local ministries. This shows that a level of infrastructural development in a community area is needed before cooperatives can thrive. It follows that the idea of using fmcs' as instruments for transforming infrastructurally under-developed smaller villages in the ECS is unworkable. Cooperatives' roles in rural development can only be complementary.

6. The relationship between the government and the cooperative movement is described as a "compulsory contract", but can be broken by the cooperatives at any time. In order to maintain this relationship, government incentives to the movement should be regarded as of great importance since they are the basis for member participation.

7. The state cooperative departments lack clear operational directives and strategies leading to attainment of the goal of promoting independent cooperative movements in Imo and Anambara. This is why the cooperatives function as if they were synthetic (ad hoc) organisations, and exhibit the "approach and avoid" behaviour. This conclusion was reached after a genetic analysis of the historical events in the cooperative systems studied. So the cooperative departments in Imo and Anambara need to draw up long-term plans leading to achievement of the goal of independent cooperative movements.

8. At present, cooperative development activities are highly centralised, and are controlled by the cooperative departments. The result is that members' cooperative intitiative moves in the direction of government development policy, with less regard for the demands of their own environment. This affects structural development and inhibits creative innovation among farmers, since they adhere mostly to the rules and regulations laid down by the cooperative departments instead of reacting strategically to the demands of their turbulent environment.

9. The empirical investigation revealed that the fmcs' in the local areas operate with three types of organisational structure. These are the communal, the individual members on cooperative lines and the combined operational structures. Occupational relationships among those forming a cooperative determine the choice of appropriate organisational structure. Members who are heterogeneous in occupation may likely choose the communal approach, while homogeneous members tend to choose the individual members' approach. However, it was found that the latter appeared as a spontaneous organisational structure. Further, investigation revealed that this could be more appropriate for the two states studied since it encourages local patterns of land ownership system and agricultural development (i.e. the unimodal approach). "Combined operations" cooperatives found were reorganising either to communal or individual members organisational structures due to various internal organisational problems rooted in organising unrelated economic projects and diverse interests in the heterogeneous membership.

10. My general impression from this study is that cooperatives manifest profit behaviour just as business enterprises do, their economic behaviour being influenced by the values generally manifested in the economic environment. Thus there is need to manage cooperatives in such a way that they can improve members' cash incomes.

My historical review of cooperative development in Nigeria shows that Nigerian cooperatives have been developed purely on economic grounds. The economic success of the member is the basis for his continued membership of the cooperative. Consequently, any attempt to promote cooperatives in the ECS must consider those actions that can help to improve the economic position of member farmers.

It is with the above background of experience gained from my studies in the ECS that I designed the Enyimba Village Rehabilitation Cooperatives as an alternative to the present farmers' multi-purpose cooperatives. The Enyimba cooperatives aim at negotiating conditions favourable to improvement of the monetary incomes of their members through priority production and marketing services.

It is my belief that the Enyimba would be appropriate in the ECS since it was designed in consideration of the structural system in the states studied.

11.6. Suggested Solutions: the Normative Approach

1. Changes are suggested in government development policy in relation to agricultural cooperatives. Cooperative membership will still be voluntary, but only active farmers who own their own farms should be encouraged to form farmers' cooperatives.

2. For older farmers, and where labour is expensive in the

local areas, I have suggested the need for mechanising the farms to some extent. The government should not, however, use the present primary cooperatives for distribution of machinery since they are weak. Instead, a special single-purpose cooperative should be formed to organise machine hire divisions in the local government areas.

3. Cooperatives should market all or most of their surplus products jointly, instead of members marketing through cooperatives only when they cannot find a market themselves.

4. These suggestions are combined in the design of the new cooperative organisation for the ECS and in suggestions on how to implement it through pilot projects in a local government area, with Ihiala as an example.

The cooperative organisation designed aims primarily to encourage the production and marketing of food crops such as cassava, yams, coco-yams, plantains and vegetables. Some of these are easily processed and require no high-technological storage facilities. To raise the capital needed for processing these crops, I have suggested that the present farmers' multi-purpose cooperatives merge some of their marketing activities as a first step towards integration into a full multi-purpose cooperative organisation at regional level.

Such integration can result in increased membership and can reduce members' cost per head for the purchase of processing machinery, and for the salaries of the trained employees who should be appointed to manage the cooperatives' regional activities.

11.7. Major Contributions of the Study

1. This study has increased our general knowledge of what is happening in the cooperative systems of the ECS in terms of the functional behaviour of their basic elements and components. This knowledge was practically non-existent at the start of the present research.

2. The study affords insights into the major factors influencing the behaviour of primary cooperatives as units of organisation in the ECS cooperative system.

3. The study offers an explanatory analysis of the reasons for ECS agricultural cooperatives' inefficiency. This is the question that motivated the research.

4. A method is suggested for the choice of criteria for evaluation of agricultural cooperatives both in the ECS and in other regions with the same cooperative development policies as the ECS pursues.

5. The normative cooperative model presented here for encouraging the future development of agricultural cooperation in the ECS is also viewed as a major contribution.

6. Because of the deficiencies in the literature of agricultural cooperation in Nigeria, the study includes a detailed review of the literature in this problem area.

7. Finally, this research has contributed, through the introduction of management and organisation thinking, to discussion of cooperative development in Nigeria.

What may be Expected from this Research: the Future Importance of the Study

Primarily, it is my hope that the information generated will encourage the cooperative department in the ECS to take a broad look at cooperative problems, especially at the management of relationships between the departments and the cooperatives. If my expectations are fulfilled, the study will induce the departments to reconsider current policies in the light of the present suggestions.

To other researchers in this field, I am introducing new areas for discussion within the analysis of marketing environment and the influence of low technology.

I would not claim to have solved the problems dealt with here! Solutions require very comprehensive field research, plus the contribution of experts, since this is a multi-disciplinary area. This project has attempted to harmonise the goals of interested individuals involved in agricultural cooperative development with the constraints on their ways of achieving the cumulative goal of socio-economic development in the rural areas. Agricultural cooperation does provide a meaningful background to the solution of the economic and social problems facing the rural population.

However, the major importance of this research is, I believe, that it provides adequate information for decision-making on strategic matters affecting future ECS agricultural development.

There is no doubt that the pattern of cooperatives indicated in this research can be used for promoting poultry cooperatives, meat distribution organisations, piggeries, etc, which are needed to improve the protein supply in the ECS. These models can also be used to improve the production of food crops, vegetables, etc. During the empirical investigation I noted that the price of meat was very high in the ECS. Fowls were very dear, averaging about N 12 each. I discussed with some poultry farmers the possibilities of going into cooperatives as a means of solving the problems of buying feed, and other problems related to increasing production. The farmers were suspicious, since cooperatives to them mean fusing their organisations into one business. They all said that this could result in quarrels among themselves at some time in the future. People are very aware of individual ownership in the ECS. The Enyimba is designed to avoid the internal problems resulting from the cumulative collective ownership encouraged by the present cooperative patterns in the ECS.

Concluding his research on "The Operational Efficiency of Agricultural Cooperatives in Developing Countries", Dülfer says:

> "Certainly, there is hardly a better organisational means than the cooperative for achieving the dual effect of change in social and economic development, but final success depends on the level of practical efficiency attained. In this respect the practical experiences have not always been satisfactory. Thus it is necessary to revise the approaches used to strive for a better quality of decision-making and performance in cooperative groups and enterprises. This could be an effective contribution to the social and economic development of the countries of the third world."

I share Dülfer's views in the above quotation. The socio-economic problems in the rural areas in Nigeria are enormous, and are deeply rooted in the lack of information about the exploitation of environmental resources, deficiency in capital assets and in ability to organise small economic organisations on a long-term basis. This investigation revealed that the governments of the state areas studied have taken meaningful actions to introduce cooperatives using cooperative development agencies and credit facilities for cooperative members. However, the operational approaches adopted by the cooperative departments revealed deficiencies in organisational vision. This may be due to limitations in inductive definition of the cooperative concept. Cooperative concepts ought to be broadly defined from the general conception of cooperation among the diverse structural-functional agencies of the larger social system (the ECS) in achieving the general objective of socio-economic development. This action could lead to clear definition of goals and strategies, and of appropriate mechanisms for attaining them. This in turn could lead to the attainment of practical efficiency as Dülfer mentions, which is to me the most important aspect of cooperative development.

11.8. Suggestions for Further Research

As explained in Chapter three, the present project is a type of total systems research which aims at isolating the components of the agricultural cooperative system at the level of individual cooperatives, describing the nature of their environment and studying the types of relationship obtaining within them. The study started by investigating the general concept of a cooperative, and continued with agricultural cooperatives and the nature of activities they perform in the open market economy of the ECS.

This information was desperately needed for analysis before the present problems facing agricultural cooperatives in the ECS could be solved. Since the information was not available, I realised how important the present research would be in generating more information for future development.

Information has indeed been generated about what is needed to improve the ECS cooperatives, and this includes details of the organisational structure of the present multi-purpose cooperatives and the types of relationships between them and the government departments supervising them.

The literature review in Chapter two also contains more information about cooperative development generally. Consequently, I believe

that the present research offers a meaningful background for further work. Some of the areas identified for further work are:

1. Problems of competition in agricultural cooperation. I recognised the need for research in this area during the empirical investigation in the ECS, and have already started preliminary theoretical studies here.

2. Research is also needed in the area of consumer behaviour in the rural areas of the ECS, to enable the cooperatives to know how to adapt their goods and services to the needs of the village consumers they serve. Studies in family role structures could be helpful here, since they can lead to strategic innovations in marketing, e.g. in the measurement of store image, which could be used for distribution of both industrial goods and agricultural products in the rural areas. This step, plus the introduction of fixed price marking and measurement scales for agricultural products sold in the market, would enable consumers in the local areas to abandon the present intuitive bargaining methods in the open markets.

3. Research is also needed in the areas of inter-cooperative relations and incentives.

4. More research is needed in the area of cooperative agricultural marketing, especially marketing organisation.

5. Research is also needed in technology in cooperative development, financing and attraction of resources.

Studies in these areas would be helpful for future cooperative development activities in the ECS and elsewhere.

APPENDIX ONE
NATURAL CONDITIONS AND SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA

Nigeria is a West African country located between latitudes 4 degrees and 14 degrees North and longitudes 3 degrees and 14 degrees East. The country has an area of 919,073 square kilometres. The climate is tropical. The rainy season is from April to October and the dry season from November to March. Temperatures range between 18 degrees C and 34 degrees C. Nigeria has a population of about 80 million (1980 estimation).

The major mineral resources are petroleum, tin, columbite, iron ore, gold, zinc, coal, limestone, uranium ore, and natural gas. Major exports are petroleum, cocoa, rubber, timber, hides and skins, soya beans, ginger, tin and palm produce. Over 90% of export revenues are from petroleum.

Administratively Nigeria is a federation of 19 states with Abuja as the new capital. Each of the 19 states has its government headed by a state governor. The Federal Government coordinates development planning in the whole Federation.

The state government areas are divided into local government areas headed by local Chairmen who represent both the President of the Federation and State governors in their areas. The local government administration was introduced in order to reach socio-economic development at grass-roots by giving local people the power to initiate development according to their local needs. The local government areas are further divided into community council areas, which are the lowest administrative units in Nigeria.

Socio-economic Development in Nigeria

Socio-economic development activities include education, health, housing, transportation, industry, agriculture, etc. Educational institutions are government-owned. Tuition is free at primary level in some states. There are some 23 universities. In the third National Development Plan (1975-1980), about 6% (N 2.5 billion) of the total budget expenditure of N 42 billion was allocated to educational development.

Industrial Development

Industrial development is an important area. There is both indigenous and foreign participation according to the regulations of the Nigerian Enterprises Promotion Act of April 1st 1974. In the last two development plans, emphasis has been laid on steel and petro-chemical development. The aim of industrial development is to reduce importation of foreign products and to provide employment.

Agricultural Development

In the third National Development Plan (1976-1980) about 6% of the

total national budget was invested in agriculture. In the 1981-1985 Development Plan, 15% of the budget was allocated to agriculture, which was now given top priority. At the same time state governments spent 3-5% of their budgets on agricultural development. Major agricultural activities in Nigeria are included in the Green Revolution programme launched in the 1981-1985 Development Plan. The programme aims at improving both large- and small-scale farming in order to reduce the need to import food. Figure 1.1. summarises the aims and major participants in the Green Revolution programme.

The reason for the priority given to agriculture in the Nigerian development plans is that about 80% of the population is employed in agriculture, which is the major source of food supply in a country whose population is growing at a rate of 2.5% annually. A Federal Government study found that domestic prices were rising by 25% annually while international prices had remained firm since 1970 in some food products consumed and produced in Nigeria. Local production has generally failed to respond to the rapid rise in food prices generated by growth in demand. Nigeria's gross supply of all food items was growing at a rate of 3.5% annually while annual domestic consumtion rose by 10%. In 1980 it was estimated that imports of crops and food products would rise from 15.9% (2.68 million tonnes of food products and 0.48 million tonnes of livestock) to 24% of total consumption (5.27 million tonnes)in 1985. This represents an annual rise of about 6.6%. These are the changes that motivated the Federal Government to intensify its agricultural cooperative development activities.

Most Nigerian farmers are peasants producing cash and food crops. Tables A.1.1. and A.1.2. show the major agricultural products and livestock produced in Nigeria. Farmers' major problems are high fragmentation of farm lands and low technology in both production and distribution of farm produce; climatic conditions and pesticides. Food crops produced locally are consumed locally, surpluses being marketed in urban centres. In the 1981-1985 Development Plan the Federal Government has moved Agriculture from Schedule 11 to Schedule 111 of the Nigerian Enterprises Promotion Act. This means that foreigners can now own 60% of the equity in any agricultural enterprise.

Encouragement is given to all parties involved in agricultural production. The Agricultural and Cooperative Bank has been established, as have agricultural service centres and integrated projects. Cooperatives constitute one of the participants in agricultural development.

In 1976 the Federal Government created the National Cooperative Department. Although its operations have now ceased, the Federal Government still gives aid to cooperatives through other agencies.

Crops and Livestock Produced in Nigeria.

Number of Livestock Thousand beads

	1967	1968	1969	1970	1971	1972	1973	1974	1975
Equines.....	1,250	1,250	1,200	1,175	1,120	1,015	970	958	770
Cattle.....	11,200	11,200	11,073	11,183	11,293	11,103	10,920	10,918	11,000
Pigs.....	770	800	826	840	865	878	872	865	800
Goats.....	28,000	25,000	23,400	23,700	22,660	22,660	22,400	22,390	22,500
Sheep.....	7,900	8,125	8,000	8,100	8,150	7,770	7,550	7,545	7,650
Camels.....	17	18	18	19	20	19	18	18	18

Livestock products Thousand tons

	1967	1968	1969	1970	1971	1972	1973	1974	1975
Meat									
Beaf.....	198	240	208	210	203	192	187	181	193
Poultry.....	48	50	51	52	54	53	53	53	53
Mutton.....	131	121	113	115	104	87	86	86	86
Goats.....	102	91	84	86	77	64	63	63	68
Pork.....	25	26	27	28	29	29	29	29	29
Other.....	-	9	17	14	22	36	16	16	16
Milk									
Cow.....	316	314	310	313	316	278	273	284	297
Goat.....	-	-	-	-	-	-	-	-	-
Sheep.....	-	-	-	-	-	-	-	-	-

Source: African statistical Year Book. Part Two 1976: United Nations.

Production of principal crops - Thousand tons

	1967	1968	1969	1970	1971	1972	1973	1974	1975
Maize	682	816	910	1,046	753	857	441	980	1,000
Millet	2,590	2,328	3,071	3,106	2,948	3,048	2,350	3,000	3,000
Sorghum	3,389	3,236	4,094	4,052	3,140	3,561	2,968	3,500	3,457
Rice	301	275	282	280	388	310	348	356	358
Sugar cane	505	598	588	557	536	577	618	670	700
Sugar raw	21	30	29	26	24	30	30	38	39
Potatoes	23	24	25	24	26	27	27	27	28
Sweet potatoes	180	1855	190	150	190	180	180	190	190
Yams	10,670	12,392	12,200	12,303	14,400	14,300	14,500	15,000	15,000
Cassava	8,600	8,820	9,040	9,084	9,172	9,570	9,600	10,000	10,000
Taro	1,625	1,308	1,793	1,381	1,650	1,770	1,780	1,780	1,780
Cow peas dry	538	634	885	884	462	560	750	830	750
Palm kernels	241	214	255	215	307	270	231	305	295
Palm oil	320	336	418	488	500	460	430	485	500
Groundnuts	1,558	1,813	1,846	1,581	1,554	945	350	400	280
Cotton sead	54	112	154	78	70	96	60	92	-
Sesame seed	53	55	58	70	60	62	62	65	65
Coconuts	87	92	91	88	88	90	90	90	90
Copra	9	10	9	9	9	9	9	9	9
Cocoa beans	238	192	221	305	257	241	215	214	220
Coffee green	2	2	5	3	4	4	2	2	3
Tobacco leaves	11	12	10	11	18	13	12	12	16
Cotton lint	52	27	56	92	38	35	48	30	46
Natural rubber	50	55	59	61	76	81	91	90	95

Source: African Statistical Year Book; Part Two, 1976: United Nations.

Appendix 2

Summary of the Cumulative Activities Carried out During the Empirical Investigation in ECS.

Areas of Study Activities in ECS	Total No. of offices	Total No. of Key Informat Interviews Conducted
Anambra State		
A.Govt. Agencies & Institutions		
Cooperative Dept. Enugu	1	2
Divisional Cooperative Ihiala	1	2
Divisional Cooperative Nnewi	1	3
Ihiala Local Govt. Office	1	2
Nnewi Local Govt. Office	1	2
Palm Produce Marketing Board Enugu	1	1
Agricultural Service Center Ihiala	1	1
Agricultural Service Center Nnewi	1	1
Cumulative number of offices studied in Anambara & inverviews	8	14
B.Apex Organisations Studied in Anambara state		
Anambara Cooperative Financing Agency Ltd.	1	2
Anambara Cooperative Wholesale and Marketing Association Ltd.	1	2
Total number of Apex Organisations and interviews conducted	2	4
C.Secondary Cooperative Activities Studied in Anambara State		
Ihiala Divisional Cooperative Council	1	1
Nnewi Divisional Cooperative Council	1	1

Total No. of DCC & interviews conducted	2	2
D. Primary Cooperative Societies Studied in Anambara State		
Ihiala Local Govt. Area	10	7
Nnewi Local Govt. Area	9	4
Otuocha Local Govt. Area	1	2
Total No. of primary cooperatives and interviews conducted	20	13
E. Local Govt. Areas Studied in Anambara State		
Ihiala Local Govt. Area		see A above
Nnewi Local Govt. Area	2	
F. Community Council Areas Studied in Anambara State		
Ihiala Community Council Area (Ihiala Local Govt. Area)	1	obsevation of economic activities & informal interviews.
Ozubulu Community Council Area, Nnewi Community Council Area	3	
G. Smaller Villages Studied in Anambara State		
Oseakwa (in Ihiala)	1	observations and informal interviews
Mbaraakpaka village (Ihiala)	1	
H. Other interviews conducted with key informers in Ihiala. (Non cooperative farmers & other villagers).	-	6

Imo State	Total No. of offices	Total No. of Key Informant Interviews Conducted
A. Govt. Agencies & Institutions		
Ministry of Community & Cooperative Development	1	2
Divisional Cooperative Office Owerri	1	4
Divisional Cooperative Office Mgbidi (Oru)	1	4
Divisional Cooperative Office Oguta	1	4
Oru Local Govt Office	1	1
Agricultural Service Center Mgbidi (Oru)	1	1
Agricultural Service Center Oguta	1	1
Cumulative No. of Govt. offices studied and interviews conducted	7	17
B. Apex Organisations Studied in Imo State		
Imo State Wholesale Association Ltd.	1	1
Cooperative Union of Imo State Nigeria Ltd.	1	1
Imo State Cooperative Produce Marketing Association Ltd.	1	1
Imo State Cooperative Financing Association Ltd.	1	1
Total No. of Apexes & Interviews Conducted	4	4
C. Secondary Cooperative Unions Studied in Imo State		
Oru Division Cooperative Council	1	1
Oguta Divisional Cooperative Council	1	1
Totals	2	2

D. Primary Cooperative Societies Studied in Imo State		
Oru Local Govt. Area	10	6
Oguta Local Govt. Area	8	5
Owerri Local Govt. Area (Oforoala, FMCS)	1	1
Etiti (Umuanunu Nsu, FMCS)	1	1
Total No. of Primary Cooperatives & Interviews Conducted	20	13
E. Local Govt. Areas Studied in Imo State		
Oru Local Govt. Area	1	see above
Oguta Local Govt. Area	1	
F. Local Govt Areas Studied in Imo State		
Mgbidi Community Council Area	1	Observation of economic activities & informal conducted
Oguta Community Council Area	1	
Awomama Community Council Area	1	
Totals	3	-
G. Smaller Villages Studied in Imo State		
Ubougwu (Awomama)	1	Observation and Informal Interviews Conducted
Umuanunu (Nsu)	1	
Uzinauma (Mgbidi)	1	
Totals	3	

Apendix 3A

Distribution of Primary Cooperatives
According to Local Government in Imo State.

Developed Areas

Local Govt Areas.	FMCS	MCS	Others	Total No. of Cooperatives	Total membership
Afikipo	81	6	1	88	4,325
Abo-Mbaise	32	17	28	77	2,828
Owerri	46	2	22	70	4,120
Orlu	16	25	29	70	3,536
Ngwa	26	-	37	63	2,154
Umuahia	39	8	11	58	3,614
Okigwe	29	-	27	56	1,772
Ideato	29	3	21	53	4,723
Oru	37	6	8	51	3,536
Omafia	32	1	17	50	2,366
Omaozara	46	-	4	50	2,314
Isu	22	5	21	48	2,687
Aba	3	18	25	46	3,355
	438	91	251	780	40,360
	Moderately Developed Areas				
Bende	24	-	17	41	2,801
Etiti	29	6	6	41	2,133
Oguta	38	-	2	40	2,232
Amaizu-Mbaise	25	2	9	36	2,346
Mbano	28	7	1	36	1,584
Ukwa	11	1	22	34	1,869
Isiala-Ngwa	11	3	117	31	1,156
	116	19	174	259	14,123
	Less Developed Areas				
Nkwere	8	8	11	27	1,369
Omaji	18	4	2	24	795
Mbaitoli	19	2	-	21	2,703
Anochukwu	16	-	3	20	1,360
Ikwuano	16	1	1	20	1,196
Isu Ukwato	16	3	3	20	1,450
Ikeduru	17	-	2	18	1,102
Osisioma	16	-	1	17	502
Egbema	2	-	2	4	239
	128	18	25	171	10,716

Source: Annual Report, Imo State Cooperative Department.

Apendix 3B

Distribution of Primary Cooperatives
According to Local Government in Anambara State.

Developed Areas

Local Govt Areas.	FMCS	MCS	Others	Total No. of Cooperatives	Total membership
Ikwo	91	-	-	91	9,397
Anambara	64	3	3	70	3,286
Onitsha	18	22	23	63	7,046
Enugu	9	19	33	61	5,036
Abakaliki	46	1	6	53	2,898
Aguata	48	1	2	51	5,620
Isi-Uzo	36	-	1	48	1,732
Ishielu	45	2	-	47	2,137
Uzo-Uwani	46	-	-	46	2,345
Ihiala	38	1	6	45	2,084
Awka	36	2	7	45	2,353
Oji-River	31	-	14	45	2,476
12	508	51	106	665	46,410
Moderately Developed Areas					
Agwu	40	-	3	43	3,707
Nnewi	36	-	6	42	2,042
Njikoka	14	16	12	37	4,105
Ezeagu	33	-	4	34	2,363
Nsukka	17	15	5	33	1,880
Udi	25	6	2	-	-
Igbo-Eze	33	-	-	33	1,595
7	198	37	32	264	19,207
Less Developed Areas					
Idemili	13	14	2	29	2,312
Igbo-etiti	20	1	-	21	1,072
Nkanu	16	1	3	20	849
Ezza	16	-	1	17	3,032
4	65	16	6	88	7,265

Source: Annual Report, Cooperative Department Enugu, 1977/78

Apendix 4A

Distribution of Cooperatives According to Levels of Development in Oru State, 1980.

Developed Areas

No. of Communities	No. of Cooperatives	No. of Coptv. Devlp.Agencies	Govt. Local Ministries	Major Market Centers	Total Develop. Agencies
Mgbidi	13	3	7	1	11
Awo-Omanma	10	2	-	1	3
2	23	5	7	2	14
	Moderately Developed Areas				
Akatta	8	-	-	1	1
Amiri	5	-	-	1	1
Omuma	4	-	-	1	1
Ozara	4	-	-	1	1
4	21	-	-	4	4
	Less Developed Areas				
Akuma	3	-	-	1	1
Ubuluihejiofor	3	-	-	1	1
Ohakpu	2	-	-	1	1
Otulu	2	-	-	1	1
Ibiasaegbe	2	-	-	1	1
Aji	1	-	-	1	1
Amaofuo	1	-	-	1	1
Amagu	1	-	-	1	1
Ele	1	-	-	1	1
Nnempi	1	-	-	1	1
10	17	-	-	10	10

Source: Annual Report, Cooperative Department Enugu, 1977/78

Apendix 4B

Distribution of Cooperative Membership
According to Levels of Development in Oru State, 1980.

Developed Areas

Communities	Population	No. of Coptvs.	Cpt. Membership
Mgbidi	12,870	13	495
Awo-Omanma	24,987	10	604
2	37,857	23	1,099
	Moderately Developed Areas		
Akatta	10,508	8	390
Amiri	14,441	5	74
Omuma	11,267	4	72
Ozara	6,156	4	274
4	42,372	21	810
	Less Developed Areas		
Akuma	4,275	3	113
Ubuluihejiofor	14,523	3	255
Ohakpu	2,065	2	50
Otulu	2,676	2	71
Ibiasaegbe	6,879	2	-
Aji	2,075	1	67
Amaofuo	379	1	27
Amagu	2,883	1	45
Ele	1,359	1	39
Nempi	5,279	1	51
10	42,623	17	718

Source: Annual Report, Cooperative Department Enugu, 1977/78

Apendix 5

Ratio of Cooperative Membership to Total Population in a Community Counicl Area (Oru), Expressed as a percentage

Name of Communities	Population	Cooperative Membership	% of Community in Cooperative Societies
Akatta	10,508	390	4%
Akuma	4,275	113	3%
Aji	2,075	67	3%
Amagu	2,883	45	2%
Amiri	14,441	74	0.32%
Amaofuo	379	27	7%
Awo-Omanma	24,987	604	2%
Ele	1,359	39	3%
Ibiasaegbe	6,879	-	-
Mgbidi	12,870	495	4%
Nempi	5,279	51	1%
Ohakpu	2,065	50	2%
Omuma	11,267	72	1%
Otulu	2,676	71	3%
Ozara	6,156	273	4%
Ubuluihejiofor	14,523	255	2%
TOTALS 16	122,623	2,626	2%

Source: DCO Mgbidi

Apendix 6

Membership Growth in 8 FMCS selected from Oru

Name of Cooperative Societies.	Year Organised	Mem 1977	Mem 1978	Mem 1979	Mem 1980
Mgbidi FMCS Ltd	1966	41	41	41	41
Awo.O. FMCS Ltd	-	-	83	83	83
Okwuoji FMCS Ltd	1978	-	32	32	32
Ezinaumu FMCS Ltd	1975	48	48	48	48
Aji FMCS Ltd	1962	-	67	67	67
Ubachima FMCS Ltd	1977	42	42	42	83
Organiru Amofuo FMCS Ltd	1977	27	27	27	27
Ubogwu FMCS Ltd	1963	314	314	314	314
Total 8		472	654	654	695

Source: Derived from the files of the above cooperatives from the DCO Mgbidi.

Membership in 7 FMCS in Oguta Districxt 1977-79

Name of Cooperative	Mem. 1977	Mem. 1978	Mem. 1979
Ameshi (Oguta)FMCS Ltd	20	30	30
Oguta Yam FMCS Ltd	105	137	137
Ogubuide FMCS Ltd	40	40	38
People (Oguta) FMCS Ltd	22	22	22
Alaisi FMCS Ltd	72	72	72
Eziorsu FMCS Ltd	31	31	31
Kalabari BEach FMCS Ltd	27	27	27
Total 7	317	359	357

Source: Derived from finale accounts of cooperatives in the DCO

Appendix 7A

Distribution of Cooperatives According to Levels of Development in Oguta District, 1980.

Developed Areas

No. of Communities	No. of Cooperatives	No. of Coptv. Devlp.Agencies	Govt. Local Ministries	Major Market Centers	Total Develop. Agencies
Oguta	24	4	8	2	14
1	24	4	8	2	14
Moderately Developed Areas					
Izombe Eziorsu	12 6	- -	- -	1 1	1 1
2	18	-	-	2	2
Less Developed Areas					
Oru	5	-	-	1	1
1	5	-	-	1	1

Apendix 7B

Distribution of Cooperative Membership
According to types in Oguta District, 1980.

Community Area	No. Of Coptvs.	No. of FMCS	Members in FMCS	Other Types	Members in Others
Oguta	24	23	1,469	1	32
Izombe	12	12	928	-	-
Eziorsu	6	6	345	-	-
Oru	5	5	329	-	-
Total	47	46	3,071	1	32

Ratio of Cooperative Membership to Total Population
in a Community Counicl Area (Oru), Expressed as a
percentage

Name of Communities Areas	Population	Cooperative Membership	% ratio of pop. in Cooperative Societies
Oguta	24,006	1,501	6
Oru	10,003	329	3
Izombe	25,006	928	4
Eziorsu	565	345	61
TOTALS	56,580	3,103	5

Apendix 7C

Distribution of Cooperatives & Cooperative Development Agencies in Oguta District - 1980.

Levels of deve-opment in Oguta District	No. of Commu-nities		No. of Coope-ratives		No. of Coptv. Devlp. Agencies		Govt. Local Mini-stries		Major Market Centers		Total Develop. Agencies	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Developed Areas	1	25	24	51	4	100	8	100	2	50	14	81
Moderately Developed Areas	2	50	18	38	-	-	-	-	1	25	2	12
Less Deveoped Areas	1	25	5	11	-	-	-	-	1	25	1	6
	4	100	47	100	4	100	8	100	4	100	17	100

Apendix 7D

Distribution of Membership According to levels of Development in Oguta District 1980

Levels of deve-opment	Commu-nities		Population		Coope-ratives		Members		Members Expressed as % ratio of popula-tion
	No.	%	No.	%	No.	%	No.	%	
Developed Areas	1	25	24,006	40	24	51	1,501	48	6%
Moderately Developed Areas	2	50	25,571	43	18	38	1.273	41	5%
Less Deveoped Areas	1	25	10,003	17	5	11	329	11	3%
	4	100	59,580	100	47	100	3,103	100	5%

Source: Divisional Cooperative Office Oguta

Apendix 8A

Distribution of Cooperatives According to Levels of Development in ILGA, 1980.

Developed Areas

No. of Communities	No. of Cooperatives	No. of Coptv. Devlp.Agencies	Govt. Local Ministries	Major Market Centers	Total Develop. Agencies
Ihiala	16	3	6	3	12
1	16	3	6	2	12
	Moderately Developed Areas				
Okija	7	-	-	2	2
Uli	4	-	-	1	1
2	11	-	-	3	3
	Less Developed Areas				
Azia	3	-	-	1	1
Ihembosi	3	-	-	1	1
Lilu	3	-	-	1	1
Iseke	2	-	-	1	1
Amorka	1	-	-	1	1
Mbosi	1	-	-	1	1
Orsumuoghu	1	-	-	1	1
Ubuluisiuzor	1	-	-	1	1
8	15	-	-	8	8

Apendix 8B

Distribution of Cooperatives According to Levels of Development in ILGA , 1980.

Developed Areas

No. of	Population	Coopera-tives	Membership	Total No. of Devlop. Agencies
Ihiala	55,377	16	549	12
1	55,377	16	549	12
	Moderately Developed Areas			
Okija	46,929	7	230	2
Uli	29,844	4	162	1
2	76,773	11	392	3
	Less Developed Areas			
Azia	12,263	3	133	1
Ihiembosi	7,645	3	137	1
Lilu	7,291	3	68	1
Iseke	7,755	2	70	1
Orsumuoghu	8,422	1	45	1
Mbosi	6,429	1	25	1
Amorka	5,365	1	52	1
Ubuluisiuzor	1,368	1	42	1
8	56,538	15	572	8

Apendix 9A

Distribution of Cooperatives According to Levels of Development in NLGA, 1977/78.

Developed Areas

No. of Communities	No. of Cooperatives	No. of Coptv. Devlp.Agencies	Govt. Local Ministries	Major Market Centers	Total Develop. Agencies
Nnewi	19	3	6	2	11
	19	3	6	2	11
	Moderately Developed Areas				
Ozubulu	6	-	-	2	2
Ekwulumili	4	-	-	1	1
2	10	-	-	3	3
	Less Developed Areas				
Ukpor	3	-	-	1	1
Akwaihedi	2	-	-	1	1
Amichi	1	-	-	1	1
Ezinifite	1	-	-	1	1
Ebenator	1	-	-	1	1
Azigbo	1	-	-	1	1
Osummenyi	1	-	-	1	1
Unubi	1	-	-	1	1
Utuh	1	-	-	1	1
Orifite	1	-	-	1	1
Ichi	-	-	-	1	1
11	13	-	-	11	11

Apendix 9B

Distribution of Cooperatives and Membership According to Levels of Development in NLGA, 1979/78.

Developed Areas

No. of Communities	Population	Coopera-ratives	Membership	Total No. of Develop. Agencies
Nnewi	44,393	19	1,382	11
	44,393	19	1,382	11
	Moderately Developed Areas			
Ozubulu	20,000	6	436	2
Ekwulumili	7,504	4	161	1
2	27,504	10	597	3
	Less Developed Areas			
Ukpor	29,959	3	152	1
Akwaihedi	2,429	2	163	1
Amichi	13,808	1	35	1
Ezinifite	13,325	1	132	1
Ebenator	3,3122	1	23	1
Azigbo	2,5387	1	168	1
Osumenyi	10,898	1	120	1
Unubi	8,474	1	23	1
Utuh	6,325	1	56	1
Orifite	13,530	1	60	1
Ichi	5,371	-	-	1
11	109,969	13	932	11

Source: Annual Report, Cooperative Department Enugu, 1977/78

Apendix 10

Distribution of Cooperative Membership
According to types in ILGA, 1981.

Community Council Area	Total No.	FMCS	FCS	CTC's	Others
Ihiala	16	4	9	2	1
Okija	7	4	1	1	1
Uli	4	3	1	-	-
Azia	3	2	-	1	-
Orsumuoghu	1	1	-	-	-
Iseke	2	2	-	-	-
Ihembosi	3	2	1	-	-
Lilu	3	3	-	-	-
Mbosi	1	1	-	-	-
Amorka	1	1	-	-	-
Ubuluisuizor	1	1	-	-	-
Total	42	29	7	4	2

Source: Divisional Cooperative Office - Ihiala

Ratio of Cooperative Membership to Total Population
in a Community Council Area (ILGA), Expressed as a
percentage

Name of Communities Areas	Population	Cooperative Membership	% ratio of pop. in Cooperative Societies
Ihiala	55,377	549	1
Okija	46,929	230	0.5
Uli	29,844	162	0.5
Azia	12,263	133	1
Orsumuogbu	8,422	45	1
Iseke	7,755	70	1
Ihembosi	7,645	137	2
Lilu	7,291	68	1
Mbosi	6,429	25	0.4
Amorka	5,365	52	1
Ubuluisiuzor	1,368	42	3
TOTALS 11	118,688	1,513	0.8

Apendix 11

Membership Growth in 7 FMCS selected from ILGA 1977/79

Name of Societies.	Year	Mem 1977	Mem 1978	Mem 1979
Uli-Aloma FMCS Ltd	-	78	86	79
Amorka FMCS Ltd	-	53	53	53
Azia Gladiators FMCS Ltd Ndiegungwa Uli	-	56	56	56
FMCS Ltd Anyjiofor (Oseakwa)	-	16	16	25
FMCS Ltd	-	24	24	24
Azia FMCS Ltd	-	35	48	48
Okija FMCS Ltd	-	50	50	50
Total 7		312	333	336

Source: Agrigated from official documents in the DCO Ihiala

Membership in 5 FMCS in NLGA 1977-79

Name of Cooperative	Mem. 1977	Mem. 1978	Mem. 1979
Fabosika(Ukpor) FMCS Ltd	25	25	25
Udodimma (Ozubulu) FMCS Ltd	67	67	67
Oganiru (Ozubulu) FMCS Ltd	50	60	60
Ozubulu Maka Echi FMCS Ltd	60	60	60
Nuafia (Nnewi) FMCS Ltd	58	58	58
Total 5	260	270	270

Source: Derived from documents in the DCO Nnewi.

Apendix 12.

Distribution of Cooperatives According to Development in NLGA,1977/78

Levels of deve-opment in Oguta District	No. of Commu-nities		No. of Coope-ratives		No. of Coptv. Devlp. Agencies		Govt. Local Mini-stries		Major Market Centers		Total Develop. Agencies	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Developed Areas	1	7	19	45	3	100	6	100	2	12	11	44
Moderately Developed Areas	2	14	10	24	-	-	-	-	3	19	3	12
Less Deveoped Areas	11	79	13	31	-	-	-	-	11	69	11	44
	14	100	42	100	3	100	6	100	16	100	25	100

Distribution of Membership According to levels of Development in NLGA, 1977/78.

Levels of deve-opment	Commu-nities		Population		Coope-ratives		Members		Members Expressed as % ratio of popula-tion
	No.	%	No.	%	No.	%	No.	%	
Developed Areas	1	7	44,393	25	19	45	1,382	47	3%
Moderately Developed Areas	2	14	27,504	15	10	24	597	21	2%
Less Deveoped Areas	11	79	109,969	60	13	31	932	32	1%
	14	100	181,866	100	42	100	2,911	100	2%

Source: See table 6.2.

SUBJECT INDEX

Adaptive mechanism 35, 39 80
Agricultural cooperative 3, 12, 22, 24, 25
Allocative decision 35
Apex organisation 57
Behavioural assumption 186
Bimodal approach 171
Community cooperative 79
Component 33
Comprehensive evaluation 164
Compulsory contract 88
Constraint 125
Cooperative establishment 25, 28
Cooperative enterprise 28
Cooperative initiative 61, 62
Cooperative movement 12
Cooperative production society 25
Cooperative service society 25
Cooperative union 12
Coordination by standardisation 61
Coordinating decision 35
Definitional assumption 186
Development 2
Domain consensus 21, 43
Dual theory 2
Ecological constraint 135, 136, 146
Economic efficiency 159
Effectiveness 157, 159
Efficiency 156, 159
Elements 33
Emergent strategy 178
Environment 28
Enyimba Village Rehabilitation Cooperative 197
Evaluation 164
Family 28
Family needs 28, 127
Farmer 127, 128

Farmers´ cooperative society 79
Farmers´ multi-purpose cooperative 79
Farming needs 127
Flexibility 148
Functional relationship 20
Global approach 6
Goal 33
Group structure 44, 81
Growth and modernisation 2
Ideology 12
Impact evaluation 164
Institutional assumption 186
Institutional constraint 135
Institutional environment 28
Instrumental efficiency 159
Integrative mechanism 35, 188
Intended goal 58, 125
Intended strategy 178
Macro-policy 23
Marketing 21
Micro-policy 23
Modernisation 2
Moshav farm settlement 8
Multi-purpose cooperative 25, 54
Objectives 33
Operational efficiency 27
Organisation 38, 39
Organisational analysis 34
Organisational design 42
Organisational effectiveness 154
Organisational relationship 20
Performance 154
Policy decision 35, 194
Primary cooperative 56
Priority processing 201, 202
Process evaluation 164
Raifeisen concept 25
Real goal 125
Realised strategy 178
Rochdale model 12

Rural cooperative 4
Rural development 3
Single-purpose cooperative 25, 26
Social system 33, 34, 38
Strategy 53, 55
Strategic decision 194
Synthetic organisation 177
Structure 34, 37
Structural development 160, 161
Structural level of analysis 28
Sub-system 40
System 32
System analysis 37
Systems approach 33
Systems boundary 32, 37
Systems design 34, 37, 181
Systems improvement 181
Tactical decision 194
Task system 42, 43
Technological constraint 147
Technology 43
Total system 34, 40
Unimodal approach 72
Unintended strategy 178
Value system 35, 38
Village cooperative groups 195, 196
Whole systems level 34, 40
Workers' cooperative society 16

BIBLIOGRAPHY

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